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THE ROLE OF SMALL BUSINESS IN RECOVERY ACT CONTRACTING

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MAY 21, 2009

Printed for the Committee on Small Business and Entrepreneurship

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COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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THE ROLE OF SMALL BUSINESS IN RECOVERY ACT CONTRACTING

THURSDAY, MAY 21, 2009

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 10:19 a.m., in Room SR–428A, Russell Senate Office Building, Hon. Mary L. Landrieu (chairman of the committee) presiding.

Present: Senators Landrieu and Snowe.

OPENING STATEMENT OF THE HONORABLE MARY L. LANDRIEU, CHAIRMAN, AND A UNITED STATES SENATOR FROM LOUISIANA

Chairman LANDRIEU. Good morning. I would like to call the Small Business Committee of the Senate to order. I appreciate our witnesses this morning and looking forward to this hearing.

Let me begin by apologizing. We were late because of a 10:00 vote. And, unfortunately, I am going to have to slip out in about 30 minutes to testify before another committee, that a bill I am sponsoring is before the Commerce Committee this morning. But we are going to try to keep the hearing moving, and we think our subject is very, very important. I am going to begin with an opening statement, and then ask my ranking member, and then other members may be joining us as we move forward.

This committee has been called to examine the role of the Federal Government in contracting with small business, and to hear from not only small business advocates, but from the Small Business Administration about how the Federal Government is meeting our obligations, our responsibility, and our own internal goals that we set to contract with small businesses. So I thank you all for coming today.

This committee has held three hearings recently to assess access to credit issues by small business. And today we turn to another important issue, which is, is small business being able to sell goods and services required by the Federal Government to help not only sustain them through these difficult times, but actually to bring value to the Federal Government.

It is one of the principal oversight responsibilities of this committee to ensure that Main Street businesses throughout America, small businesses that are in all of our districts and states, have the opportunity to sell their products, their ideas, their services to the Federal Government. Access to the federal market has made it pos-

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sible for many of America's Main Street businesses to not only survive but to thrive, to grow, to prosper. Many of those business owners have told stories before this committee in the past.

For example, Garnett Newcombe, owner of Human Potential Consultants, took a business from a high of $500,000 revenue to more than $14 million through her ability to bid and secure federal contracts. And then there is Lee Brown—Leah Brown, who decided to open a small business while grieving the loss of a close family member. She took that loss, turned it into something positive, motivated herself to open a business that supports the development of drugs to fight the same illness that took her family member's life. Having access to the federal marketplace allowed her company to grow and expand.

These are just two stories of hundreds that we have heard from small business owners, that when they had access to federal contracts, they were able to expand, hire more workers, and expand their reach.

There are many reasons why giving small business a chance to compete in the federal marketplace is important. Here are just a few.

First, the Federal Government is the largest single purchaser in the world. According to the latest available Small Business Goaling Report, the Federal Government spent more than $378 billion on goods and services. According to our records, more than 83 billion of that was spent with small business.

Second, a strong and diverse supplier base is critical to the government getting the best value from suppliers and to the American taxpayers getting the most out of their tax dollars.

Third, having strong small businesses in communities large and small help to strengthen towns and cities one employee at a time.

Fourth, government contracting to small business is important to national security. Since World War II, the government has made a concerted effort to ensure that it has multiple suppliers for its largest needs. By contracting out government projects to small business, we ensure that the country is not vulnerable to only a few suppliers.

In these very challenging economic times, increasing contracting opportunities for small business will help them to keep their doors open to create new jobs and to get America back to work. These small businesses have especially been hit hard by the economic downturn. According to the Automatic Data Processing, Inc.'s, ADP, Small Business Report, more than 80 percent of job losses since November come from small and medium-size businesses, which this chart clearly demonstrates.

For this trend to change, small businesses need access to capital and they need increased sales volume, either from the private sector or from the public sector. This hearing is about what we can do as the Federal Government to increase the opportunity for federal sales volume to small businesses. So we are anxious to hear from the Department of Transportation and the Small Business Administration, one that has oversight responsibility of all contracting through all federal agencies, and the other from the department that seems to have the most money available right now for contracting with small business.

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President Obama has made this one of his top priorities. I know that Administrator Mills is also very committed to us reaching our goals. So I am looking forward to the first panel's testimony. Our second panel will include three business owners and an association that will tell us how they have been impacted, or not yet impacted, by federal Recovery contract provisions.

So in closing, we need to keep the big picture in mind when we talk about federal contracting opportunities for small businesses. We are here to make sure that small businesses are as strong as they can be and that they are leading the way as we come out of this recession. We can help them in Congress in any number of ways. One of the more direct and immediately obvious ways is for the Federal Government to do its job, as Senator Snowe knows, to give them opportunities to compete in this time.

So that is really the essence of our hearing today, and I turn to Ranking Member Snowe for her opening remarks.

OPENING STATEMENT OF THE HONORABLE OLYMPIA J. SNOWE, A UNITED STATES SENATOR FROM MAINE

Senator SNOWE. Thank you very much, Chair Landrieu, for holding this very vital hearing this morning during our nation's Small Business Week and ensuring how small businesses can access their fair share. Roughly $575 billion in spending is still available within the stimulus package, otherwise known as the American Recovery and Reinvestment Act. In our respective leadership roles in this committee, Chair Landrieu and I firmly believe that the Federal Government must unleash the job creation potential of small businesses to drive our nation's economic recovery.

I have to think that it sounds like a broken record, that we have had so many hearings on this question, and hopefully we can come to a final resolution as to how we can open the doors of opportunity for small businesses through federal contracting.

This morning, we will probe whether the Federal Government is doing all it can to provide small contractors with the necessary tools, technical assistance, knowledge to which they can actively participate in the stimulus procurement opportunities. I supported this legislation back in February because I felt that it would achieve a critical equilibrium of creating jobs and assisting those displaced by the economic crisis through no fault of their own.

Our nation is still in the throes of a very deep recession and the Labor Department has reported this week that the total number of unemployed jarring jobless benefits has risen to a record 6.56 million Americans. Since time is of the essence, the White House estimates that nearly 75 percent of stimulus funds will be committed by August of 2010. Well, now it has been 94 days since the Recovery Act was signed into law, and according to the administration, small business contractors across the country have received only 10.3 percent of the total stimulus dollars spent. And that means today, and looking at this chart here, large businesses are roughly getting 90 percent of our nation's Recovery dollars even though small businesses represent 99.7 percent of all employers in the country, employing half the employees across America, representing three-quarters of net new jobs on an annual basis.

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This is simply unacceptable. I hope if anything that is learned from this hearing is that small businesses deserve their fair share of federal funds. That is at least 23 percent of federal prime contracting dollars throughout the entire Recovery Act process, and this is a good time to start.

Furthermore, my home state of Maine has roughly received 1.2 billion stimulus funding, including 130 million in highway development and bridge repair and 42 million for energy weatherization, for example. I am vexed as to why, according to the SBA, Maine small businesses have received zero Recovery Act dollars in terms of federal contracts.

As Ranking Member of this committee, I have long been dismayed by the myriad ways that government agencies have repeatedly time and again egregiously failed to meet its statutory goal of awarding the 23 percent of all contracting dollars to small businesses. So the key question I pose this morning is why, since we have a 23 percent contracting goal, are only 10.3 percent of the stimulus dollars so far been awarded to small businesses? It is relatively early in the game. There is still time to make sure that this gets done right. But I must confess that I am not encouraged by the results thus far.

So it continues to confound me while federal agencies consistently fail to meet its government-wide goals, and for that matter, why it continuously falls short of its targets: contracts to women, service disabled veterans, the businesses located in distress, low-income areas known as HUBZones.

These pernicious trends must be reversed. And it is why Chair Landrieu and I sent a letter yesterday to all of our nation's governors, requesting they coordinate with the Federal Government to ensure that small businesses are aware of and are able to compete for government opportunities in the Recovery Act.

We also work very closely with Senator Cardin, included in the stimulus provisions, to reform the SBA Surety Bond Program. As a result of the financial crisis, surety companies were rejecting bond applications because the applicants, usually contractors in the construction industry, were unable to show they had adequate financing. Our provision in the stimulus temporarily increases the SBA guarantees for participating sureties from 2 million to 5 million, which should also help small firms participate in growing our economy.

So this morning, I look forward to hearing from both the Small Business Administration, Department of Transportation who received almost 47 billion Recovery funding—on specific and realistic solutions for achieving contracting goals for small businesses. In Fiscal Year 2007, the Department of Transportation awarded roughly 50 percent of its eligible contracting dollars to small firms.

So I hope to learn today what practices the DOT is using to assist small business contractors and how those procedures can assist other agencies, like the Department of Defense, the nation's largest purchaser, to learn to better allocate a fair share of its contracting dollars to small businesses. At a time when our economy could not be more fragile and when job creation and economic growth could not be more front and center on the American agenda, the SBA, the DOT and all the remaining federal purchasing agencies have

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a pivotal opportunity to lead small businesses through this door of opportunity and to the realm of the federal contracting arena that will benefit all Americans in job creation.

So, Chair Landrieu, I thank you for holding this hearing today and giving this perspective. I am looking forward to hearing from the witnesses and seeing how we can develop a bipartisan approach to get this job, once and for all, done on behalf of small businesses. Thank you.

Chairman LANDRIEU. Thank you very much.

Mr. Jordan, if you would start, please. And let me just say that he is the associate administrator for Government Contracting and Business Development for the SBA.

Joe, if you could begin by giving just a brief 30-second background about your experience and how long you have been in the position, and then go into your testimony, if you would.

STATEMENT OF JOE JORDAN, ASSOCIATE ADMINISTRATOR, GOVERNMENT CONTRACTING AND BUSINESS DEVELOPMENT, U.S. SMALL BUSINESS ADMINISTRATION

Mr. JORDAN. Sure, absolutely.

Chair Landrieu, Ranking Member Snowe and members of the Committee, I am Joseph Jordan, Associate Administrator for Government Contracting and Business Development at the Small Business Administration. I was appointed in March and have been on board since then. Prior to that, I worked in the private sector. I did consulting for a firm, McKinsey & Company, working primarily in our purchasing and supply management practice, as well as working with some state governments, including Governor Baldacci in Maine, looking at ways to help reduce cost and capture efficiencies. Before that, and before getting my MBA, I worked in a variety of industries and marketing, public relations and television, as well as some strategic consulting.

Chairman LANDRIEU. Thank you.

Mr. JORDAN. Thank you.

I am honored to be testifying before you both today to discuss SBA's role in the American Recovery and Reinvestment Act's contracting efforts. I know Administrator Mills testified before you recently and discussed the SBA's programs related to recovery. Today, I want to focus on the procurement side.

The SBA is working hard to ensure that America's small businesses have a fair share of Recovery Act contracts and subcontracts. So far, Recovery Act contracting dollars to small businesses have been steadily increasing week to week. Although the obligation of contracts is in the early stages, dollars to small businesses currently total about $389 million, which is an increase of over $50 million since last week. We are working with all federal agencies in a variety of ways to meet the goal of issuing 23 percent of contracting dollars to small businesses.

First, we work closely with the Office of Federal Procurement Policy to highlight small business performance programs in the guidance for Recovery procurement competitions. Guidance issued by the Office of Management and Budget on April 3rd highlights the critical role small businesses play in stimulating economic

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growth and creating jobs. The guidance makes clear that all small business statutes and regulations must be followed.

In addition, we are partnering with the General Services Administration to disseminate, via the Internet, information regarding large contracts that are available to small businesses. The Federal Business Opportunities Web site, or fbo.gov, lists all solicitations for Recovery contracts. SBA's Recovery Web site also links to that Web site as well as grants.gov.

I am also very pleased that small businesses can now find Recovery Act specific subcontracting opportunities at sba.gov/subnet. This is an important new resource which we announced this week throughout our subcontracting opportunity network. At the same time, we are reminding larger businesses of tools such as the Dynamic Small Business Search, which allow them to search, find and partner with the best small businesses for their subcontracting opportunities.

SBA's Web site is very useful information for small businesses searching for Recovery contracts, including links to the sites mentioned above and a frequently asked questions document, available in both English and Spanish, that provides detailed information on Recovery Act contracting. We also intend to make other improvements to the contracting portion of our Web site in the coming months as new developments arise in connection with the Recovery contracts.

All of SBA's Procurement Center representatives, or PCRs, have sent letters to the directors of their contracting offices offering assistance in finding small businesses for their Recovery contracts. Examples of recent contracting requests for proposals include small business set-asides by the Army, HUBZone set-asides by the Department of Labor and the Air Force, service-disabled veterans set-asides by the Department of Veterans' Affairs, and competitive 8(a) contracts by the U.S. Army Corps of Engineers, just to name a few.

At the local level, our field staff is engaged with state and local officials, reminding them of the benefits of using small businesses for Recovery work. In fact, I was able to personally speak with our field office district directors yesterday since they are here in Washington for National Small Business Week. Those efforts were supported by letters sent from Administrator Mills to all the nation's governors, urging them to use small businesses for the products and services they procure when contracting with Recovery Act dollars. And I thank you both for the letter that you sent as well to the governors yesterday.

Additionally, there are many field events occurring weekly relating to contracting and Recovery work. These events cover everything from helping firms locate Recovery contracts to basic training on how to do business with the government.

Since the Recovery Act was signed into law, the SBA has directly participated in many events across the country. Examples of our outreach and training efforts include several workshops across Louisiana sponsored by the Louisiana Department of Economic Development in conjunction with Chairman Landrieu's office; in North Carolina, an Environmental Protection Agency workshop and training on SBA's small business procurement programs for its program managers; a Greater Dallas Asian American Chamber of Commerce

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construction, architecture and engineering forum event, entitled Implementation Workshop for the American Recovery and Reinvestment Act of 2009; the GSA Heartland region's Industry Day's Conference in Kansas City, Missouri; an event in Upstate New York sponsored by the Greater Syracuse Chamber of Commerce, entitled Accelerate CNY.

The SBA is continuously looking for ways to increase small business participation of federal contracting. The Recovery Act offers both unique challenges and opportunities, but we are working to see that small businesses will be given the opportunities they deserve and play a key partner in our nation's economic recovery.

Thank you very much, and I am pleased to take your questions and comments.

[The prepared statement of Mr. Jordan follows:]

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Testimony Recovery Act Update

Senate Small Business and Entrepreneurship Committee

Joseph Jordan, US Small Business Administration (SBA)

Associate Administrator for Government Contracting and Business Development

May 21, 2009

Chair Landrieu, Ranking Member Snowe, and Members of the Committee, I am Joseph Jordan, Associate Administrator for Government Contracting and Business Development. I am honored to be testifying before you to discuss SBA's role in Recovery contracting. I know Administrator Mills testified before you recently, and discussed the SBA's programs relating to Recovery. Today, I want to focus on the procurement side.

The SBA is working hard to ensure that America's small businesses have a fair share of Recovery Act contracts and subcontracts. So far, dollars to small businesses have been steadily increasing week to week. Although, the obligation of contracts is in the early stages, dollars to small businesses currently total $389 million, which is an increase of over $50 million since last week. We are working with all federal agencies in a variety of ways to meet the goal of issuing 23 percent of contracting dollars to small businesses.

First, we worked closely with the Office of Federal Procurement Policy to highlight small business preference programs in guidance for Recovery procurement competitions. Guidance issued by the Office of Management and Budget on April 3rd highlights the critical role small business play in stimulating economic growth and creating jobs. The

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guidance makes clear that all small business statutes and regulations must be followed.

In addition, we are partnering with the General Services Administration to disseminate information regarding large contracts is available to small businesses via the Internet. The Federal Business Opportunities website (www.fbo.gov) lists all solicitations for Recovery contracts. SBA's recovery website links to that website, as well as the grants.gov website. I am also very pleased that small businesses can now find Recovery-Act-specific subcontracting opportunities at www.sba.gov/subnet - an important new resource which we announced this week throughout our Subcontracting Opportunity Network. At the same time, we are reminding larger businesses of tools such as the Dynamic Small Business Search, which allows them to search, find and partner with the best small business for their subcontracting opportunities.

SBA's website has useful information for small businesses searching for Recovery contracts, including links to the sites mentioned above, and a Frequently Asked Questions document that provides detailed information on contracting in both English and Spanish. We also intend to make other improvements to the contracting portion of our website in the coming months, as new developments arise in connection with Recovery contracts.

All of SBA's Procurement Center Representatives (PCRs) have sent letters to the directors of their contracting offices, offering assistance in finding small businesses for their recovery contracts. Examples of requests for proposals for contracts include:

- Small Business set-asides by the Army;

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- HUBZone set-asides by the Department of Labor and the Air Force;
- Service Disabled Veteran set-asides by the Department of Veterans Affairs; and
- Competitive 8(a) contracts by the U.S. Army Corps of Engineers to name just a few.

At the local level, our field staff is engaged with state and local officials, reminding them of the benefits of using small businesses for Recovery work. Those efforts were supported by letters sent from Administrator Mills to all of the nation's governors, urging them to use small businesses for the products and services when contracting with Recovery Act dollars.

Additionally, there are many field events occurring weekly relating to contracting and Recovery work. These events cover everything from helping firms locate Recovery contracts to basic training on 'how to do business with the government.' Since the Recovery Act was signed into law, the SBA has directly participated in events across the country. Examples of our outreach and training efforts include:

- Several workshops across Louisiana sponsored by the Louisiana Department of Economic Development in conjunction with Chairman Landrieu's office.
- In North Carolina, an Environmental Protection Agency workshop/training on SBA Small Business Procurement Programs for its Program Managers.
- Greater Dallas Asian American Chamber of Commerce Construction, Architecture & Engineering Forum event

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entitled "Implementation Workshop for the American Recovery and Reinvestment Act of 2009."

- The GSA Heartland Region's Industry Days Conference in Kansas City, Missouri.
- An event in upstate New York, sponsored by the Greater Syracuse Chamber of Commerce, entitled, "Accelerate CNY."

The SBA is continuously looking for ways to increase small business participation in federal contracting. The Recovery Act offers both unique challenges and opportunities, but we are working to see that small businesses will be given the opportunities they deserve, and play a key part in our nation's economic recovery.

Thank you and I'm pleased to take your questions and comments.

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Hearing on the Role of Small Business in Recovery Act Contracting (05/21/09)

Senator Landrieu: Mr Jordan, is there anything that you have determined that you need additional legislative authority or additional resources to get this important job done? Or do you feel like your department is well-resourced and legislatively you have the authority that you need to fulfill this mission? And if you don't want to answer now you can submit it for the record. But it is important to get that on the record.

Answer: With respect to resources, SBA urges enactment of the proposals in the President's FY 2010 budget. SBA's new management team is assessing the question of whether any legislative changes would improve our contracting efforts. We will provide specific recommendations to address any problems identified, following consultation with stakeholders.

Tiffani Cooper
Program Manager
U.S. Small Business Administration
Office of Congressional & Legislative Affairs
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Chairman LANDRIEU. Thank you. Mr. Franco, if you would proceed and just do a 30-minute—second brief introduction. Please not 30 minutes, 30 second brief introduction of your background. Thank you.

STATEMENT OF GERARDO FRANCO, CHIEF, PROCUREMENT ASSISTANCE DIVISIONS OFFICE, OFFICE OF SMALL AND DISADVANTAGED BUSINESS DEVELOPMENT, DEPARTMENT OF TRANSPORTATION

Mr. FRANCO. Good morning. My name is Gerardo Franco. I represent the Office of Small and Disadvantaged Business Utilization at the U.S. Department of Transportation. I have been in the Department of Transportation's Small Business Office for over 17 years. Prior to that, I was with the USDA, the Department of Agriculture, also in the Small Business Office. So I have about 25 years of experience of working with small businesses. And I can tell you that right now we are living in very difficult times, but at the same time very exciting times because of the many opportunities that we see coming down in the future.

So Chairwoman Landrieu, Ranking Member Snowe, members of the Committee, I want to thank you for inviting the Department of Transportation to be here today. It is a great honor and a privilege to represent the Department at this hearing. I have written prepared remarks that I would like to submit for the record, but I would like to briefly state that at the Department of Transportation, we are fully committed to ensuring that small businesses continue to be an integral part of all of the contracting and subcontracting opportunities available from the Department of Transportation funds.

No one better than DOT understands the importance of small businesses in the national economy. We have consistently ranked among the top federal agencies by SBA in terms of the share of our contracting dollars that go to small businesses, including women-owned, minority, HUBZone, service-disabled, and veteran-owned businesses.

As you pointed out, in 2007, half of our procurement dollars went to small businesses. What is not reflected in the SBA data is that the FAA, which is the largest agency within the Department of Transportation, adds another $3 billion to our procurement budget. Combined, in 2008, we will be awarding close to $1.7 billion to small businesses through our direct contracting program. In addition to our direct contracting program, the Department of Transportation, of course, has a very, very dynamic program known as the DOT DBE, Disadvantaged Business Enterprise Program, that is implemented by the recipients of DOT funds.

In 2008, more than $3 billion of DOT funded projects went to the small business community, particularly the minority and women-owned business community. We know that under ARRA, we are almost doubling the amount of opportunities that will be available. We have taken significant steps to ensure that small businesses and minority businesses continue to be at the forefront of all this effort.

DOT recently issued guidance to the program administrators, reemphasizing the importance of small businesses. More importantly,

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reemphasizing the fact that the DBE program applies to any new funding that comes their way on their ARRA. We have also stressed the fact that there are many, many small businesses waiting by the sidelines that need to be engaged in this procurement process. We are also increasing our outreach activities and technical assistance efforts at the national level to ensure that DBEs are well informed of all the opportunities.

Now, I would like to mention that included in the Recovery Act, there is $20 million set aside for a bonding program to help DBEs reach or participate in this extreme additional funds at the state and local level. We are working very closely with the SBA to craft a program that would allow us to reach and assist DBEs directly. We are exploring potential opportunities to leverage the SBA's existing Surety Bond Guarantee program to benefit DBEs through ARRA.

We are closing in on the final agreement as to how we are going to proceed, but everyone realizes that is a very, very critical piece of the puzzle to ensure that small businesses not only get the opportunities but also have the access to bonding as they perform through the increased levels of opportunities at the state and local level.

With that, I would like to close my remarks and I will remain available for any questions that you may have.

[The prepared statement of Mr. Franco follows:]

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STATEMENT OF GERARDO FRANCO
CHIEF, PROCUREMENT ASSISTANCE DIVISION
OFFICE OF SMALL AND
DISADVANTAGED BUSINESS UTILIZATION
U.S DEPARTMENT OF TRANSPORTATION

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
U.S. SENATE

MAY 21, 2009

The Role of Small Business in Recovery Act Contracting

Chairwoman Landrieu, Ranking Member Snowe, Members of the Committee:

Thank you for inviting the U. S. Department of Transportation (DOT) here today to discuss the role of small business in the American Recovery and Reinvestment Act (ARRA) contracting.

On February 17th, 2009 President Obama signed the ARRA appropriating $48.1 billion to the Department of Transportation. Of that amount, DOT has already made available $26.6 billion in highway funds, and $7.5 billion in transit money, to states and local transit agencies.

A critical part of this effort is to make funds available to the states and other DOT recipients promptly and efficiently so jobs can be created to stimulate economic activity at the state and local levels. As part of our commitment, and under the leadership of Secretary LaHood, some contracts funded through ARRA have been awarded, and work is underway.

Under two separate and distinct programs within DOT, there are contracting and subcontracting opportunities for small and disadvantaged businesses. Opportunities are available under our federal financial assistance to state and local transportation agencies (formula and other grant funds) via the Disadvantaged Business Enterprise (DBE) Program and through DOT's direct contracting process (small business program).

Small Business Strategy -- Direct Contracting

Small businesses are the backbone of our economy, employing about half of all private sector employees and paying for nearly 45% of the total U.S. private payroll. DOT has developed a successful program designed to increase the number of federal competitively awarded contracts to small businesses by maximizing opportunities and promoting their use in DOT contracts and subcontracts.

DOT has developed a culture that has demonstrated its commitment to small and disadvantaged businesses. In 2008, DOT spent close to $5 billion in direct contracting, of which over $1.7 billion went to small, women-owned, veteran-owned, service disabled veteran-owned and disadvantaged businesses.

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The DOT small business program is implemented under the leadership of the Office of Small and Disadvantaged Business Utilization (DOT/OSDBU) and encompasses all small businesses, including small and disadvantaged, women-owned, veteran-owned, service-disabled veteran-owned, and Historically Underutilized Business Zone certified firms.

The program is supported at the highest level of the organization and reflected in the DOT strategic and performance plans. The Transportation Acquisition Manual and the Transportation Acquisition Regulations reinforce written policies and procedures for use by the DOT Operating Administrations (OAs) to implement small business contracting activities. Each OA has at least one small business specialist to assist small businesses seeking contracting opportunities with DOT.

Small Business Strategy -- Formula Funds

The DBE program, enacted in 1983 as part of the Surface Transportation Assistance Act (STAA) of 1982, was designed as a vehicle to increase the participation by minority business enterprises in federally assisted state and local contracts. Three major DOT operating administrations are involved in the DBE program: the Federal Highway Administration, the Federal Aviation Administration and the Federal Transit Administration.

In Fiscal Year 2008, DOT distributed more than $40 billion in formula and other grant funds, which resulted in over $30 billion in contracting and subcontracting opportunities for small and disadvantaged businesses at the state and local levels. DBEs were awarded $3.3 billion in contracts, representing over 11% of the total DOT assisted contracting.

The DOT is working with the states to monitor the funds distributed under ARRA. A number of reporting tools are being developed in accordance with the Recovery Act to meet the various requirements in the legislation. For example, FHWA has instituted a process to capture information on a monthly basis, of ARRA funded projects detailing DBE participation. We are looking at developing a working group to ascertain how to best capture the information at the subcontracting level. OSDBU intends to coordinate the development of a web based reporting tool to allow recipients to report DBE achievements into a centralized database. This will allow DOT to better monitor DBE awards or commitments and payments.

Implementation of Recovery Act

DOT will distribute about $35 billion in ARRA appropriated infrastructure funds, which are subject to the same DBE program requirements as non-ARRA formula funded projects. DOT recently issued guidance to program administrators suggesting steps to take to mobilize underutilized DBE capacity that may be needed to meet increased demand fueled by the ARRA. States, airports and transit agencies must meet the same DBE requirements for ARRA resources as they do for normal formula funded programs. Based on our history with existing programs, we expect the ARRA to generate nearly $3 billion in additional contracting and subcontracting opportunities for DBEs.

DOT continues to promote and encourage minority and woman-owned businesses to pursue contracts funded by ARRA and we are seeing positive results. For example, KND

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Licensed Electrical Contracting & Services Corporation is a woman-owned, DBE Certified, electrical contracting firm that is a subcontractor for the "New York Long Island Rail Road East Side Access Project" that recently received $195.4 Million in ARRA funding. KND is located in Deer Park, New York and has a solid track record for 10 years. KND is also utilizing the DOT's Short Term Lending Program to continue to grow their business, which thanks to this effort is projected to increase by 30%.

Included in the Recovery Act is $20 million for DBE bonding assistance for transportation projects that are specifically funded through ARRA. To maximize the impact of this money, DOT is working closely with the Small Business Administration (SBA) to develop potential options to leverage SBA's existing Surety Bond Guarantee program, to benefit DBEs involved in ARRA. OSDBU will coordinate a very aggressive outreach campaign at the state and local level to promote and distribute information related to this program. This campaign will be a joint effort between DOT and state DOTs, Office of Civil Rights at the state and local levels, and other government agencies such as the SBA, the Minority Business Development Agency, and others. Part of our communication effort to disseminate information to small business will be coordinated through the nine Small Business Transportation Resource Centers (SBTRCs). OSDBU has established cooperative agreements with business organizations across the country to assist small businesses.

In the context of the DBE program, only firms certified as DBE under Title 49 Code of Federal Regulations parts 26 (49 CFR 26) are counted. DOT recently issued guidance to program administrators reemphasizing the applicability of the DBE program to any additional funding received under ARRA.

DOT also had issued guidance regarding the eligibility of service disabled veteran owned business and encouraging their participation in the DBE program. DOT is considering expanding its guidance regarding the use of the small business set-aside as it pertains to the DBE program.

Because small businesses are critical in stimulating economic growth and creating jobs, DOT encourages small business participation in all its grants. Recipients will be required to report small business participation through special ARRA reporting vehicles.

As part of the implementing guidance provided to the OAs for all ARRA procurement actions, DOT's Senior Procurement Executive issued specific guidance instructing the OAs to ensure maximum opportunities for small businesses to compete in contracts resulting from the ARRA.

DOT actively reaches out to the small business community. For example, in Fiscal Year 2008 DOT OSDBU participated in more than 11 Service Disabled Veteran Owned Small Business (SDVOSB) related events and actively reached out to SDVOSB organizations to provide a supportive environment for them to present their capabilities to DOT and to learn about contract and subcontracting opportunities. DOT OSDBU actively participated in the National Veterans Conference sponsored by the U.S. Department of Veterans Affairs and received the outstanding federal agency award for engaging the SDVOSB community. OSDBU also provides technical assistance and workshops to small businesses on how to market their products and services to federal agencies, specifically to DOT. We continued to encourage the use of small business set-asides in

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DOT contracts through the small business review process and individual interaction with procurement officials.

The DOT/OSDBU strategy has shown significant success. DOT has received the highest (green) rating from the Small Business Administration for exceeding most of its small business goals over the last three years, and will continue to make every effort to excel in this area.

Thank you for the opportunity to appear before you today. I will be happy to answer any questions.

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Chairman LANDRIEU. Thank you very much.

I am going to go right into my questions and then leave to testify, and then I will be back.

But let me just make sure that we are starting with the right numbers in terms of what happened last year in 2007, according to the numbers that, Mr. Jordan, you must have to monitor the situation.

According to the report that I have here, when you break down the overall goal of 23 percent, according to this report, the Department of Transportation spent 50 percent of its procurement dollars with small business. The Department of Defense did 20.4 percent. The Department of Energy did 6.2 percent. The Department of Health and Human Services, 21.7; NASA, 15; and VA, 32. Now, those are not all of the departments, but the largest.

Is that what your records show, to make sure we are starting off on the same page?

Mr. JORDAN. I do not have the going report in front of me, but none of those numbers sounded out of line. They all sounded about right, yes.

Chairman LANDRIEU. And is that your number, Mr. Franco?

Mr. FRANCO. Yes. Yes.

Chairman LANDRIEU. So you are saying that of all the money that the Federal Government spends in the Department of Transportation, 50.8 percent is contracted with small businesses.

Mr. FRANCO. Yes.

Chairman LANDRIEU. And that is defined as businesses below 500 employees?

Mr. FRANCO. It is defined as business meeting the size standards based on the North American Industrial Classification Code, which vary.

Chairman LANDRIEU. Which vary depending on the class they are in.

Mr. FRANCO. On the industry, correct.

Chairman LANDRIEU. Okay. Go ahead.

Mr. FRANCO. In the direct contracting program, the Department of Transportation follows the Federal Acquisition Regulations and all the guidance set forth by the Small Business Administration for federal procurements.

Chairman LANDRIEU. I mean, because if this is the case, and the goal is 23 percent, and you are exceeding it substantially by 50 percent, then we could excuse you from this meeting.

Mr. FRANCO. Well, I will take it.

Chairman LANDRIEU. And we may end up doing that, I do not know, because there would be no reason to call people if you are meeting your goals. But there evidently is some concern from some parts of the small business community that while these numbers reflect a robust effort, that there is some gap there.

The same thing with the Department of Defense. I mean, with a little bit more effort, they could reach their 23 percent goal. The Department of Energy is concerning at only 6 percent. But the Department of Health and Human Services seems to be almost meeting their goal at 22 percent. And then, of course, you have NASA a ways away and VA exceeding theirs at 32. So I am going to be exploring the details of those numbers a little bit more.

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But let me ask you, Mr. Jordan, I appreciate the stepped-up efforts, the outreach that you have. I have participated in some of that myself. But can you be a bit more specific about how you and your office are actually tracking the results of what the agencies are doing now?

When you talked about moving the number from 50 million one week to 389 million, could you describe a little bit about how that tracking system is working and what you are doing to push those numbers as high as possible?

Mr. JORDAN. Absolutely. And just a small clarification on those last numbers. It actually went from 335 to 389, so it went up by about 50, but did not jump up by 300.

Chairman LANDRIEU. Oh, I am sorry. Okay.

Mr. JORDAN. So we are doing a number of things. On the front end, the outreach activities with the agencies and the small business community are intended for the agencies to be aware of the small businesses that are out there that can provide the highest quality, most innovative goods and services that they are going to procure. And the outreach to the small businesses is to direct them how to be contract ready, to be aware of these shovel-ready projects, where to look for procurements that they may qualify for so that they can take advantage of those opportunities.

Because, as you know, one of the complications with the stimulus contracting is the speed at which these outlays need to happen. And so, we want to make sure that small businesses are ahead of the curve, so we are not looking back at the result numbers and saying, what could we have done on the front end. And that is where we are focusing on a lot of efforts with the PCRs that are at each of these agencies who are redoubling their efforts and some of the outreach that both of you have been involved with, that you refer to.

Then the tracking. We track the solicitations. All federal solicitations must be posted on fbo.gov for at least 30 days. So we want to look there and say, okay, what is the government buying. One step before that, we want to look at their Recovery Act plans to see in a more broad picture what are they looking to procure and how can we educate the small businesses in those industries to get ready to provide those goods and services.

Then the Federal Procurement Data System—Next Generation, FPDS–NG. That is the reporting tool that we use to look at all of the Federal Government procurement. The stimulus or the American Recovery and Reinvestment Act procurements all have an individual tag so they can be tracked and monitored separately. And so, that is where Ranking Member Snowe's chart that shows the steady increase of small business contracting percent—although the absolute value is, of course, not where we want to get it. That is where we are pulling those numbers, and that is where we will continue to push.

So we want to see that steady increase keep going and not plateau until it is at or above the 23 percent. And if we see indications that that is not the case, we will redouble again our efforts with each of the agencies to make sure that while we want to get this money in the hands of businesses to create and retain jobs and

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stimulate the economy, we also want to make sure that small businesses get their fair share.

Chairman LANDRIEU. Okay. My final question is this. Although I have not had the opportunity to do this personally, my staff has reviewed the resources available at fedbizopps and found it thoroughly confusing, according to their report to me. And I have picked up anecdotally when I am out in the field that it is very confusing to people who have tried to access information in that way.

So have you heard these complaints? If so, what are you doing about it? What other resources is the SBA making available for small business owners to help them get accurate and timely and useful information?

Mr. JORDAN. Absolutely. Yes, I have absolutely heard those frustrations from small business owners. Wading through the wealth of information that is on there to find specifically what is out for them is sometimes difficult when you are talking about a small business owner who is spending so much of their time trying to grow or, in these times, save their business, can be difficult.

We understand that, and we have developed training resources accessible through sba.gov on how to do business with the Federal Government and how to use fbo.gov. We do not personally maintain that Web site, but we want to make sure that we educate all small businesses on how they can quickly and effectively use that so they can access all Federal Government procurements.

Over the last——

Chairman LANDRIEU. Who does maintain that Web site?

Mr. JORDAN. I believe it is the General Services Administration.

Chairman LANDRIEU. Go ahead. I am sorry.

Mr. JORDAN. And so, over the last couple days at National Small Business Week, I held several forums with both small businesses and all of our field district directors who are also in town. And we are working to develop an even more simple how-to guide for fbo.gov so that they can go search, access, compete for, and win contracts.

Chairman LANDRIEU. Thank you very much. Senator Snowe.

Senator SNOWE [presiding]. Thank you, Madam Chair.

Mr. Jordan, at these forums that you have held this week, did you hear similar complaints about the inability to access information or to navigate the process for federal procurement?

Mr. JORDAN. We did. And a lot of it is—what we are trying to do is what you mentioned in your opening statement, Ranking Member Snowe, which was there are best practices out there. A lot of it is, both from my private sector and since joining the SBA experience, syndicating those best practices. So educating the small businesses on how they can take advantage of the opportunities, where are the opportunities that are most pertinent to them, what do they need to do. But simplify it. They do not have time to go through all the regulations, and that is our job, and that is something we take very seriously.

Then from the agency's standpoint, making sure that we are making it as easy as possible for them to know which small businesses are out there that are providing the goods and services they need, because as we all know, small businesses can really provide a level of performance, innovative product and service, quality cus-

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tomer service. That is great for the Federal Government and great for the taxpayer.

Senator SNOWE. Well, if I was running a small business, what would be the first step? For small business out there, what is the first step that they would take?

Mr. JORDAN. So I would first say, Madam Small Business Owner, get a DUNS number, then become registered in the Central Contractor Registration. Become registered in the Dynamic Small Business Search so large primes can find you for some of those subcontracting opportunities as well. And all of these you can link to from the sba.gov Web site if you go to our contracting session.

Then I would say go to fbo.gov knowing your North American Industry Classification, your industry code, and search for opportunities there. Go on a regular basis. You can also set it up so it sends you the opportunities. And make sure that—you know, selling to the government has more similarities to selling to private sector enterprises, and a lot of these small businesses understand. So do the relationship building, do the networking, do the marketing, understand what these agencies are going to be providing. And absolutely walk into your SBA district office. Every city in America is covered by an SBA district field office, and the people there are ready, willing and able and help to educate that individual small business on what it can do.

Senator SNOWE. And there is no doubt about it, except that oftentimes they are overwhelmed running their business on a daily basis. They have very few employees, and it is just very complicated to think about, okay, now how do I approach the Federal Government. Maybe people are not aware that there is a district office or procurement technical representatives, which I think are very important as well. And I am going to get to that in a moment. But I think we need to figure out an easy way for people to access this information, whether it is on a Web site or 800 number.

When you gave this response at the forum, what was the reaction? Did people find that logical?

Mr. JORDAN. Yes. And I think—as you have heard from Administrator Mills, investment in technology and making the use of sba.gov more streamlined is one of her top priorities. And as I talk to small businesses and they talk about some of the frustrations navigating these different Web sites and tools, and I point them to some of the training materials on sba.gov, they say, well, I did not realize that was there, is the most frequent response, and we do find that is helpful.

So that is a way, like you are saying, from their own business, from their home, through the Internet, they can access a lot of this information quickly, and we hope in an effective and distilled manner.

Senator SNOWE. Well, it is interesting because CNN Money on April 20th noted that only 14 percent of small business owners expect a positive impact from the stimulus, but more than twice that number, 31 percent, expect the impact of the stimulus to be negative. One area where the Federal Government could obviously build support for the stimulus is through contracting. But as CNN Money noted, small businesses are wary of the Federal Government's contracting promises. And they have good reason, because

they have not had a good experience one way or the other. And they have gone through it. They have spent a lot of time, money, and effort that oftentimes they can not afford because they are small businesses. And so, that in and of itself makes it difficult because they do not have the number of employees.

So how do you overcome that? Because there has been a terrible track record on the part of the Federal Government. The Department of Transportation, as I will get to in a moment, has had a very good track record in veterans-owned businesses. But the point is, here, that the federal agencies have not been responsive or receptive and that has made it very difficult.

So we have had a lot of small business owners before this committee that have told their stories, where there has really been a breach of trust on the part of agencies, the bundle contracting for example.

So what do we do to overcome that? What are you going to do specifically, do you think, that will make a difference?

Mr. JORDAN. Absolutely. I hear the frustration from small business owners I talk to very frequently, and I understand there is a healthy skepticism of the government contracting process.

First, let me just say in general what we do is the education outreach and then standing by what we say and proving that this is an agency that is going to stand by its word. Specifically what we are doing is creating simple, synthesized documents that we can post on our Web site in an easily accessible manner. It is almost a one-stop shopping, so they know where to go, and where all these opportunities are, and what they need to do. Like you said, it is very helpful when you hear step by step.

Also, in education, what the process is. When you are talking about the contracting process, and especially in the context of today's hearing with the stimulus and the speed in which these dollars are intended to be obligated, contracting takes a long time. Usually four to 24 months is average for the contractor. So educate small business on how they can get ahead of that, how they can understand how to be contract ready, which you had asked about, shovelready; working with the agencies very specifically, data, the PCRs that you mentioned; leveraging the socioeconomic programs that you also talked about in your opening statement. I believe on the next panel we have an 8(a) graduate, and she will probably speak to some of the benefits of that business development program.

So there are a number of things in addition to what the administrator is doing with outreach and what this committee is doing with outreach to the governors so that the statelevel funds are also going to small businesses.

Senator SNOWE. Have you yet had a response from the nation's governors regarding the stimulus plan and how they are going to incorporate small businesses? Is it too soon to expect a response? I mean, I think it is very important to make them aware.

Mr. JORDAN. Absolutely.

Senator SNOWE. Because it is critical that we do it now because of this number, before it is too late. This is a fair warning here on this issue. We just have a healthy dose of skepticism in this community about contracting simply because the Federal Government

has failed to achieve the 23 percent goal, obviously, and all of the individual components.

So I think that this is a good way to mitigate the issues. It is a good start if we can get this turned around and make sure that small businesses are included in this process. It means jobs. For every $140,000 that is spent in contracting dollars, it means one job. I have noticed that small businesses got $94 billion in prime contracts, $53 billion in subcontracts. That means saving or retaining 1.1 million jobs. So it is about jobs, and we desperately jobs right now.

Mr. JORDAN. Absolutely.

Senator SNOWE. And can you learn from the Department of Transportation? That is the other thing. What is the track record of the various agencies? Half of all the procuring federal agencies have yet to achieve the women's business contracting goal. And I am glad the omnibus legislation removed the rule of women's contracting goals of the SBA because it was not right. They failed to meet it in eight years.

So we have got a lot of work to do. And I know you are just beginning, so this is a good time to start all of this. But can you learn on the track record of the Department of Transportation, for all intents and purposes, that says you are moving in the right direction here?

Mr. JORDAN. Absolutely. And I think that the training and syndication of best practices is one of my top priorities. As the administrator has said to you before, she is very much a data and metrics person. I come from a world of fact-based analysis. And so, what my team is going through now is looking at those percentages you talked about, looking at those metrics and saying why.

There are some reasons why the Department of Energy is at 6 percent. It is because they outsource to the labs as the prime contractors. And then the subcontracting performance is not that low for the Department of Transportation versus the Department of Defense. As the chair said, they are different numbers, but the Department of Transportation is not buying tanks and planes. So we really want to push on subcontracting there.

But what we want to see is where are the similarities, and for the agencies that are performing well, how can we use their best practices and syndicate those to the other agencies to show everybody how it can be done so we exceed that 23 percent.

Senator SNOWE. So you do an agency-by-agency review?

Mr. JORDAN. Absolutely.

Senator SNOWE. How would we go about it?

Mr. JORDAN. We review and set individual goals with every agency every year and where they fall short on either the 23 percent or their socioeconomic goals. They must develop a specific plan that is reviewed by our office on how they are going to achieve and meet that goal the next year.

Senator SNOWE. Well, I think with all exceptions on this contracting, go to 2007, the only area where we have achieved it was small disadvantaged businesses at this point. Women-owned, HUBZones, service-disabled veterans, no. And so, it has not been a good track record.

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Mr. Franco, in the Department of Transportation, what would you recommend as the best way to attacking this from your perspective and experiences that has worked?

Mr. FRANCO. Well, first of all, I would like to clarify that the 50 percent level is a very high standard. On an average, you can expect the Department of Transportation to be somewhere between 35 to 40 percent. Given the fluctuation in procurements and the types of things that we are buying, that could throw the numbers 5 percent one way or the other.

If I were to summarize, I would say that not one specific effort but a combination of doing a lot of things well. At the Department of Transportation, we are highly committed. We have a very experienced staff on board. The support of the program goes all the way to the top, and it is filtered down to the working level.

On a daily basis, we meet with our program officers, with our contracting officers. We provide guidance. We do a two-step approach. First, we go out there and make sure that the small business community is engaged, they are familiar with the regulations, with the requirements; that they know of the opportunities, they know how to do business with the Department of Transportation. We participate in a multitude of procurement conferences. We go out there and touch the flesh, if you will.

At the same time, we work internally, making sure that all of our procurement officers are well versed on the goals and the requirements of the federal procurement process, and the importance of utilizing small businesses first in every procurement. At the Department of Transportation, our office, we review procurement. If a requirement is not going to be set aside, they must demonstrate to us why.

So the first option is growing small businesses. I know that the Federal Acquisition Regulations provide for that, but in practice, it is very, very hard for the contracting officers to understand and realize that sometimes they will get a much better product from a small business than they will from a large business. So that is an ongoing process that we go through.

But I think that, overall, is the commitment, if it is at the top and it is filtered down. As we speak, we are hosting the monthly meeting of the OSDBU directors, our counterparts in every federal agency. Secretary LaHood would make presence there. So he is making sure that people understand that is important for the Department.

We also have included in our strategic plan, the long-range plan that we prepare every five years, increasing the contracting opportunities for small businesses, and particularly small disadvantaged businesses and women-owned businesses is included as a goal. And the top management at the Department of Transportation is measured on how well they do in each of the goals that the Department establishes as part of the strategic plan.

So it is a combination of things. I would not be able to point to any one, but doing them all and doing them well will give you the results.

Now, it is not all roses. There are many small businesses that are not able to perform the types of work that we do. And from our perspective, we tell our folks, tell them up front so they can be pur-

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suing other types of opportunities. Be up front with the small businesses. To the extent that you can, you will help them and they would appreciate it better.

The other program that receives the most attention at the Department of Transportation is the one that is implemented by the recipients of DOT funds. There is a completely different environment. Recipients set goals based on availability of ready, willing and able individuals, and we have heard a lot of complaints that there is not enough opportunities out there. So we are hoping that with this influx of money, there will be much more opportunities.

It is going to take a while to filter down to the small business. For the most part, many of these projects are so large that it takes a large company to be the leader. Small businesses come along as part of their team, and they come in as subcontractors. So any of this data that we see here, it is going to take a little bit of time. But so long as you are in the front end of it, we will be able to identify those opportunities and make them available to the small business community.

Senator SNOWE. Well, I think that it is key to be at the front end of it to identify those opportunities and not when it is too late. I think that that is critically important.

Why has it been difficult for the Department to meet the veteran's goal?

Mr. FRANCO. The service-disabled, veteran-owned business is the newest of the goals. It was established as a goal in 2003. Every year, we have doubled our performance. And it is a matter of numbers. The entire Federal Government is looking for qualified firms that are service-disabled, veteran-owned businesses. We are competing for those qualified firms. However, we put a lot of effort. We are out there reaching out to the community. We are hopeful that within the next year, or if not this year—we are shooting to meet that goal this year. We have got a number of small business set-asides, specifically for service-disabled, veteran-owned businesses. So we are hoping to reach that plateau within either this year or the next year. That is our goal.

The women-owned business, when we first included it in our strategic plan, it took us about three or four years to reach the 5 percent goal. So it is going to take a while, but we are definitely committed to making sure that we get there in the shortest amount of time.

Senator SNOWE. You know, the Washington Post did a story today on tracking stimulus spending. And they say that three months after the bill was signed, recovery.gov offers little beyond news releases and general breakdowns of spending and acronym-laden spreadsheets and time lines. And I have heard this from small businesses as well. It seems very convoluted, confusing. You are trying to figure out what programs apply to small businesses as opposed to something else or the differentiation between public and private sector initiatives.

So how are you tracking in the Department of Transportation how the stimulus spending is working?

Mr. FRANCO. Well, one of the things that we have done is that we have gone out to the Federal Procurement Data System, that you have indicated is very confusing for small businesses to find

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out what is going on. We go out there on a weekly basis. We pull the information specifically related to ARRA. We also pull the information specifically related to the Department of Transportation. Any small business that wants to do business with us can find out exactly what we are in the market for on any given day by just visiting our Web site.

Senator SNOWE. Is it separate? I mean, it is totally separate?

Mr. FRANCO. Oh, yes. We have it separated in a way that you know exactly what opportunities are being set aside for small business. You know exactly what opportunities we have for construction, what opportunities are there for technical support services. And some people say it is redundant. People can get it at the fedbizopps. We say no. If somebody is trying to market to the Department of Transportation, they need to know what we are in the market for on any given day.

Senator SNOWE. And I think it is very important. And, Mr. Jordan, I think that is something that maybe could carry back to the administrator. I know she would be interested in this, but for all the agencies because it is a critical problem.

I have heard that in a number of roundtables I have hosted in Maine. They have been saying—and going on our Web site to try to make a distinction between the public and private sector initiatives, small business initiatives, being aware of the initiatives that are in the stimulus plan that will benefit, and how all the other spending, especially on contracting issues or each agency. And perhaps it can be redesigned to be user friendly. That would be very helpful.

Mr. JORDAN. Absolutely.

Chairman LANDRIEU [presiding]. Thank you. Just one more, and then we will usher the second panel.

Mr. Jordan, is there anything that you have determined that you need additional legislative authority or additional resources to get this important job done, or do you feel like your department is well resourced and legislatively you have the authority that you need to fulfill this mission?

Mr. JORDAN. And if you do not want to answer now, you can submit it for the record. But it is important to get——

Mr. JORDAN. Absolutely.

Chairman LANDRIEU [continuing]. That on the record. Because this committee is going to be very, very intense and focused on really making sure that the Federal Government over the next year or two, or three or four, is meeting these goals, and that we are not going to set goals that we have no intention of meeting and just put out press releases to make everybody feel good. We really, really believe that this government has to do all it can to help small businesses get through this tough time. And whether it is on the capital access piece or creating more opportunities to do more business with the government while people are struggling like this, it is our intention.

So you can answer it now or you can submit something for the record.

Mr. JORDAN. I think that what I will do is I will take that for the record and come back to you only because I do not want to give

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a quick answer. I would like to sit down with a team and be more thoughtful and comprehensive with a response.

Chairman LANDRIEU. Well, please do because we would be happy to, I think, assist you if you are lacking resources or authority to get your job done, because it is an important job to get done and get done correctly.

Okay. With that, I would like to move to the next panel.

Mr. JORDAN. Thank you.

Chairman LANDRIEU. Thank you.

Mr. FRANCO. Madam Chairwoman?

Chairman LANDRIEU. Yes? Go right ahead, Mr. Franco.

Mr. FRANCO. I just want to share that the Department of Transportation just released our agency-wide Recovery Act plan of action that is very helpful for the small businesses to be aware of. It spells out how we are going to go about tracking the information and implementing the Act.

Chairman LANDRIEU. Well, that would be very helpful, and I would like to submit that for the record.

Mr. FRANCO. Okay, I will.

Chairman LANDRIEU. And we are going to ask all the agencies to submit their documents like that for the record.

Mr. FRANCO. Thank you.

Chairman LANDRIEU. Thank you very much.

Would the second panel come forward?

Thank you all. As you-all are getting settled, let me go ahead and begin introducing the panel.

Sharon Arnold is our first witness. Sharon is the owner of SSACC, Inc., a small landscaping subcontractor that does work in northern Illinois, related to highway construction. She will be speaking about the help that she received from the Disadvantaged Business Enterprise, a program that is run by the Department of Transportation that she has found to be particularly helpful, and she will explain her situation.

Our next witness is Joe Flynn. He is president of the Association of Procurement Technical Assistance Centers, a nationwide network of procurement professionals dedicated to assisting businesses with the contracting process. Joe is also a program manager for the University of Tennessee Procurement Technical Assistance Center, UPTAC, and assists business in identifying and obtaining government contracts.

Very interested, Joe, in what you have to testify to us today.

Sylvia Medina is our next witness. She is here representing Women Impacting Public Policy, WIPP. Sylvia is visiting from Idaho, where she is president of North Wind, a women-owned SBA, that provides environmental and construction services. In 12 years, North Wind has grown rapidly with offices located throughout the country. Its success is owed in great deal to innovative ideas and research. Their customers include the Department of Energy, EPA, the Air Force, Army, Navy, among a few.

Our last witness is Theresa Daytner. Theresa is the president of Daytner Construction, a general contracting and construction firm based in Maryland, serving public and private sectors. I am very interested in hearing your testimony today.

Ms. Arnold, why don't we start with you?

STATEMENT OF SHARON ARNOLD, OWNER, SSACC, INC.

Ms. ARNOLD. Good morning. My name is Sharon Arnold, and I am president of SSACC, Incorporated.

Chairman LANDRIEU. Just pull the mic a little bit closer to you.

Ms. ARNOLD. My name is Sharon Arnold, and I am president of SSACC, Incorporated. We are a landscaping subcontractor located in Pontiac, Illinois. My company is a small landscaping business that works throughout the northern third of Illinois. One of our specialties is the installation of pavement fabric, which is placed on the existing road surfaces before the new asphalt overlay is installed.

My company is a certified disadvantaged business enterprise, DBE, since 1986. The DBE program is the only small business subcontracting program in highway, airport and transit construction. As most businesses go, we slowly made our name and became established as a company that was a reliable and dependable landscaping subcontractor. In 2007, we completed 90 percent of the landscaping on the last 13-mile section of I–355 southwest of Chicago.

Less than one year later, in December of 2008, our work under contract was not at the volume level that would allow us to start up in 2009. With that in mind and after 22 years in business, there was little hope of a future. I had to lay off my entire staff of 11, including myself, in an attempt to minimize cost in an effort to try and salvage our business. All of my employees had to go on unemployment. My company averages 250 union employees who are seasonal also.

With the economy being what it was, the lack of highway construction work out for bid, my company was in dire straits with little hope of a future. In February 2009, under the leadership of President Obama and the United States Senate, the Stimulus Bill was passed. The Stimulus Bill has given the state of Illinois a much needed influx of highway construction monies, which has given us the opportunity to bid on a good deal of work.

The three specialty highway lettings Illinois has had to date has benefitted us with enough work under contract to hire back all of our staff, including 90 percent of our permanent field employees. I am fully aware that the Stimulus Bill has saved my company.

Madam Chairman and Committee, I truly commend the United States Senate for passing the Stimulus Bill. Undoubtedly, the passing of the Stimulus Bill has given us the opportunity to work yet another year. I know the Stimulus Bill has given the country and the highway construction industry the opportunity for the hope of a brighter future for ourselves, our children and our grandchildren. Thank you.

[The prepared statement of Ms. Arnold follows:]

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E-mail: ssacc_sharon@mchsi.com

SSACC, INC

May 21st, 2009

The Honorable Mary L. Landrieu
United States Senate
Committee on Small Business & Entrepreneurship
Washington, DC 20510-6350

"The Roll of Small Business in Stimulus Contracting"

Madam Chairwoman, Senator Landrieu it is an honor to be here before you today. On behalf of Women First and President Joann Payne, we wish to thank you for your support over the years and commend you on all that you have been able to do in an effort to support women and minorities through out your career as a senator. I have been a trustee for Women First since 1988 and it has been an honor to come to Washington, DC and see the positive changes that have taken place in our sector of the highway construction industry.

Good morning, my name is Sharon Arnold and I am President of SSACC, Inc., a landscaping subcontractor located in Pontiac, Illinois. My company is a small landscaping business that works out of the northern third of Illinois.

As most small businesses go, we slowly made our name and established our company as a reliable, dependable landscaping subcontractor. In 2007, we completed ninety percent of the landscaping on the last thirteen mile section of Interstate 355.

Less than one year later, in December 2008 our work under contract was not at the necessary volume that would allow us to start up in 2009. With that in mind, after twenty-two years in business, there was little hope for the future. I had to lay everyone off, including myself, in an attempt to minimize costs in an effort to try and salvage the business. All of my employees had to go on unemployment. With the economy being what it was my company was in dire straits with little hope of a future. Most of my key people have been with me for fifteen to twenty-one years.

Illinois has had the misfortune of not having a working Capital Bill in almost five years. And, regrettably President Bush nor our previous governor knew or understood the importance of the Highway Construction Industry to the financial well being of our country and state. These issues have compounded the industry and made competition extreme. Companies are bidding at direct field costs which is why as President Obama stated projects on the special road lettings generated by the stimulus bill were coming in under estimates by 15-20 percent; which has allowed additional projects to be included in the bidding process due to the extreme competition in the industry.

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Every dollar we spend in Highway Construction Industry rolls back into the economy seven to eight times. These are not borrowed monies that we have to pay back, it is funded by the Highway Trust Fund. It provides a much needed service that keeps commerce running and providing services to all areas of business.

Regrettably, Illinois has chosen to use consultants in the field as Resident Engineers. Their fees come directly out of the Highway Road Fund and therefore, reducing the dollar volume which can be used in building the highways. Currently, Illinois is trying to rid state government of thousands of politically appointed workers and board members brought on by former Governors George Ryan and Rod Blagojevich.

The Speaker of the Illinois House, Michael Madigan has stated that "He did not think state government would be paralyzed if state boards and agencies lost hundreds and thousands of appointees and workers in a short period." "Day to day functioning doesn't depend so much on directors or assistant directors." "It is the people below them". He has replaced one of the best Secretary of Transportation, a professional engineer who worked in the highway industry, with a State Representative who is an Accountant.

Our entire economy is tied to this new stimulus bill which is giving the Highway Construction Industry the much needed boost to survive the down turn we are experiencing. This, in part, is due to lack of direction on the federal and state levels which is compounded in Illinois because we have not had a Capital Bill for the last five years. As goes the Highway Construction Industry, so goes the entire economy of our country. It is that paramount and without a viable highway construction industry, we are experiencing a reverse of the positive effect of the trickle down of good business management across our country and state.

It was because of the Highway Construction Industry which first mandated that minorities and women would be included in federally funded projects. And, because of the DBE program, it is saving the small business community. The mega-firms and conglomerates want all of the work. These mega firms have started subcontracting work to other mega firms to avoid using the small business subcontractors. The majority small business firms, under $17M in annual sales for three consecutive years, have legitimate concerns of being bought out or pushed out.

If we were to lose the DBE program, we would lose the back bone of America. Small business is what runs our economy and the biggest player is the extremely competitive Highway Construction Industry. Minorities and women have been given only the opportunity to bid because of the DBE program.

In February, 2009 under the leadership of President Obama, the American Recovery and Reinvestment Act was passed. The Recovery Act has given the State of Illinois the much needed influx of highway construction monies. Because of the Recovery Act, we do have the hope and opportunity of continuing to work, the hope for survival, the hope we can keep our employees working and pay our debt, and live the American dream.

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Which as far as I am concerned is what I have been living because I worked fifteen years for a prime contractor during the good old boy era. I know I would never have had the opportunity to start my own business if it were not for the DBE program. The mass of women in general, would not have been able to start their own businesses.

I truly commend President Reagan administration for having the foresight to include minorities and women in the federal highway program. The DBE program has saved small business and given minorities and women the opportunity to bid, that in turn gave women the opportunity, in mass, to start their own businesses.

Madam Chairwoman Landrieu and Committee Members, thank you for this opportunity today.

Sincerely,

Sharon Arnold
President

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Sharon Arnold, President
SSACC, INC.
1311 N. Division Str.,
Pontiac, IL 61764

1971 – started working for a prime contractor; know and understand the good old boy system.

1986 – recommendation from Bob Blasius, District Engineer in my home district, that I should be come a Certified WBE. Became certified in June, 1986

1988 – joined Women First, Joann Payne, President as a trustee and have been coming to Washington, DC ever since. Lobbying for Women's Issues and working with the Civil Right's Committee.

1991 & 1999 – received the 'Most Outstanding WBE' award from IDOT

1992 – received special commendation award from FHWA

1998 – my letter of discrimination was read on the floor of Congress by Carol Mosley Braun.

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The Senate Committee on Small Business and Entrepreneurship

"The Role of Small Business in Stimulus Contracting"

Sharon Arnold, President
SSACC, INC.
1311 N. Division Str.,
Pontiac, Illinois 61764

May 21, 2009

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Chairman LANDRIEU. Thank you, Ms. Arnold.
Mr. Flynn?

STATEMENT OF JOE FLYNN, PRESIDENT, ASSOCIATION OF PROCUREMENT TECHNICAL ASSISTANCE CENTERS (APTAC)

Mr. FLYNN. Chairwoman Landrieu, Senator Snowe, distinguished senators, thank you for the opportunity to testify here today. I am honored to speak before you on behalf of the Association of Procurement Technical Assistance Centers and the small businesses that we serve across the country. First, I would like to express my gratitude and appreciation for your leadership and efforts on behalf of small businesses in Louisiana, Maine and all across the nation.

My name is Joe Flynn. I am the director of the Center for Industrial Services, Procurement Technical Assistance Center, at the University of Tennessee. I am also president of the Association of Procurement Technical Assistance Centers. I was also the program manager in New Hampshire, where I first got to meet Senator Snowe a number of times up in Maine.

It is nice to see you again, Senator.

Our members are 89 PTACs across the nation with over 500 dedicated procurement professionals helping small businesses compete for federal, state and local government contracts. We were created in 1985, funded and administered through the Defense Logistics Agency, and supported by the states and localities, which provide a non-federal matching of up to 50 percent.

The PTACs help small businesses to capably navigate government procurement systems, increasing our defense industrial base, and generating new suppliers for federal, state and local governments. The resulting competition translates into higher quality goods and services at a lower cost to taxpayers, while creating more jobs and economic opportunities for small businesses across the country.

PTACs are the boots on the ground in the government acquisition process. We work with small businesses everyday, offering classes and seminars, sponsoring matchmaking events with government agencies and prime contractors, providing hundreds of thousands of hours of one-on-one counseling and support, all at little or no cost to the businesses. Not only do we help them prepare for and bid on these contracts, but we assist them in navigating post-award performance issues as well.

Whenever possible, we collaborate with programs and organizations with complimentary missions such as the small business development centers, manufacturing extension partnerships, and the Center for Veterans' Enterprise, allowing us to be part of a comprehensive network of small business support. At the national level, we have had memorandums of understanding with all the three programs, and at the local level, I am actually housed with the Tennessee MEP at the University of Tennessee.

Last year, the PTACs served well over 55,000 active clients, conducting over 175,000 counseling sessions, and sponsored or participated in over 3,600 classes, seminars and conferences attended by over 1.3 million people. There are classes going on across the nation today. We work with large prime contractors as well by assist-

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ing them in locating viable subcontractors, and we provide training on specific topics.

One story I know is important to Chairwoman Landrieu is Louisiana PTACs work with Textron to identify small businesses and subcontractors in Louisiana. I just spoke with Sherrie Mullins before I came in, and she has a number of things she would like to tell you. I know you are very familiar with her center.

Chairman LANDRIEU. I am. I was just going to mention her name. She is quite active.

Mr. FLYNN. She certainly is. Her staff, Liz Johnson, helped me a great deal today. Kelly Ford in Louisiana also has helped me a great deal, as has Pat Rice. Pat Rice is amazing up in Maine. We really love them all.

As a result of our efforts last year, the PTAC clients were awarded over 86,000 contracts and subcontracts, worth in excess of $14 billion. This includes over 1 billion in Louisiana and a little over $212 million in Maine. The contracts created and retained almost 334,000 jobs, including 20,000 in Louisiana and over 4,000 in Maine.

We also serve as an outreach vehicle for many government agencies on such procurement issues as RFI, IUID, wide-area workflow, and a whole lot more, as well as more local acquisition efforts by military bases, defense supply centers, DoD regional councils, and the Department of Interior Fire Service, to name just a few. We can get the information and training out to the small businesses that they need to succeed in this continually changing environment, and thereby help agencies identify suppliers that they can work with.

Our nation's small businesses are hurting. Let me state that twice. They are hurting. They really, really are. With private sector investment continuing to decline, many small businesses are turning to the government.

In preparation for this hearing, I did a quick random survey of 17 PTACs around the country, asking what impact the economic downturn had on demand for their services. Responses that I received tell a story I am sure you could guess. Overall, our initial counseling sessions, that is the first time we sit down with a new client, are up over 68 percent over the same period from last year. In Maine, they are up over 76 percent. Madison, Wisconsin, they are up over 110 percent. In Tennessee, I am up over almost 200 percent. The demand for classes and seminars has increased well and attendance at PTAC's events is up over 40 percent from last year.

Federal Government offers over $350 billion each year in procurement opportunities, in addition to the American Recovery and Reinvestment Act, which includes over 250 billion in additional procurement opportunities. I know each of you played a critical role in the passage of that bill. While some senators may disagree on its size and details, I think all would agree that small businesses must have access to these dollars. Businesses are contacting their PTACs for help in identifying and responding to the ARRA opportunities. PTAC staff take their duty to their clients very, very seriously. And in this time of crisis, we are simply buckling down and putting in the extra hours and extra miles to meet these needs.

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As you see, we are seeing increased activities, and we are responding. We see successes all across America, like Marc and Cheryl Nunez, owners of Southern Services and Equipment in St. Bernard, Louisiana. After losing their homes and businesses in Katrina and Rita, Marc and Cheryl worked with the local PTAC and has since secured over $12 million in federal contracts. Like Ann Yahner, who retired from a career in nursing in the U.S. Navy, and formed Penobscot Bay Media in Camden, Maine. Ann worked with Pat Rice and the Maine PTAC and their Bid Match service to secure contracts with USDA, U.S. Forest Service, as well as Maine DOT, Army National Guard and a few others.

Our program works. We work with small businesses everyday——

Chairman LANDRIEU. If you could just try to wrap up in 30 seconds.

Mr. FLYNN. Okay. Well, thank you again for this honor and opportunity. I am happy to answer any questions that you might have.

[The prepared statement of Mr. Flynn follows:]

Testimony of
Joe Flynn
President, Association of Procurement Technical Assistance Centers
Director, Center for Industrial Services, University of Tennessee
Senate Small Business and Entrepreneurship Committee
May 21, 2009

Chairwoman Landrieu, Senator Snowe, distinguished senators, thank you for the opportunity to testify here today. I am honored to speak before you on behalf of the Association of Procurement Technical Assistance Centers and the small businesses we serve across the country.

First, I would like to express my gratitude and appreciation for your leadership and efforts on behalf of small businesses in Louisiana, Maine, and all across the nation.

My name is Joe Flynn. I am Director of the Center for Industrial Services PTAC at the University of Tennessee. I am also President of the Association of Procurement Technical Assistance Centers – APTAC. Our members are the 89 PTACs across the nation, with over 500 dedicated procurement professionals, helping small businesses compete for federal, state, and local government contracts. Created by Congress in 1985, funded and administered through the Defense Logistics Agency, and supported by states and localities which must provide a non-federal funding match of up to 50%, the PTACs help small businesses to capably navigate government procurement systems - increasing our defense industrial base and generating new suppliers for federal, state and local government contracts. The resulting competition translates into higher quality goods and services at a lower cost to taxpayers while creating more jobs and economic opportunities for small businesses across the country.

The PTACs are the "boots on the ground" in the government acquisition process. We work with small businesses every day – offering classes and seminars, sponsoring matchmaking events with government agencies and prime contractors, and providing hundreds of thousands of hours of one-on-one counseling and support – all at little or no cost to the businesses. Not only do we help them prepare for and bid on contracts, we assist them in navigating post-award performance issues. Whenever possible, we collaborate with programs and organizations with complementary missions, such as Small Business Development Centers, Manufacturing Extension Partnerships and the Center for Veterans Enterprise allowing us to be part of a comprehensive network of small business support. At the national level, we have had memorandums of understanding with all three programs. At the local level, I (the Tennessee PTAC) share offices with the Tennessee MEP and I have a very close working relationship with the Tennessee SBDC program every day.

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Last year, PTACs served well over 55,000 active clients, conducting over 175,000 counseling sessions, and sponsored or participated in over 3600 classes, seminars and conferences attended by over 1.3 million people. We work with larger prime contractors as well by assisting them in locating viable subcontractors and provide training on specific topics. One story I know is important to Chairwoman Landrieu is the Louisiana PTAC's work with Textron to identify small businesses and subcontractors in Louisiana.

As a result of our efforts, last year PTAC clients were awarded over 86,000 contracts and subcontracts worth over $14 billion.[1] This includes over $1 billion in Louisiana and $212 million in Maine. These contracts created and retained almost 334,000 jobs – including 20,000 in Louisiana and over 4,000 in Maine.

We also serve as an outreach vehicle for many government agencies – on such national procurement issues as RFID, IUID, and Wide Area Workflow as well as more local acquisition efforts by military bases, the Defense Supply Centers, DoD Regional councils and the Dept of the Interior Fire Service, to name just a few. We can get the information – and training – out to the small businesses that they need to succeed in this continually changing environment and thereby help agencies identify suppliers they can work with.

Our nation's small businesses are hurting. With private sector investment continuing to decline, many small businesses are turning to the government. In preparation for this hearing, I did a quick, rather random, survey of 17 PTACs around the country asking what impact the economic downturn has had on demand for their services. The responses I received tell a story I'm sure you could guess: overall, initial counseling sessions – our first sit down with new clients – are up 68% over the same period from last year. In Maine, they are up 76%. In Madison, WI they are up 110%. The demand for classes and seminars has increased as well – and attendance at PTAC events is up over 40% from last year.

The federal government offers over $350 billion each year in procurement opportunities. In addition, the American Recovery and Reinvestment Act includes over $250 billion in additional procurement opportunities. I know each of you played a critical role in the passage of that bill. While some Senators may disagree on its size and details, I think all would agree that small businesses must have access to these dollars. Businesses are contacting their PTACs for help in identifying and responding to ARRA opportunities. PTAC staff take their duty to their clients, to the government – to their country – very seriously, and in this time of crisis are simply buckling down and putting in the extra hours and extra miles to meet these needs. As you see, we are seeing increased activity and are responding.

We see successes all across America. Like Marc and Cheryl Nunez, owners of Southern Services and Equipment in St. Bernard, Louisiana. After losing their homes and business in Katrina and Rita, Marc and Cheryl worked with the local PTAC and have since secured over $12 million in federal contracts.

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[1] These performance statistics have been compiled from survey responses from 79 of the 89 PTACs funded for the 2008 program year. Complete performance statistics have not been made available to APTAC.

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Like Ann Yahner, who retired from a career in nursing in the U.S. Navy and formed Penobscot Bay Media in Camden, Maine. Ann worked with Pat Rice and the Maine PTAC and their Bid Match services to secure contracts with USDA and the US Forest Service, as well as the Maine DOT and Army National Guard.

Our program works. We work with small businesses every day, sharing their struggles with issues ranging from contract bundling to navigating inaccessible government websites such as CCR to finding skilled workers Like you, we have a passionate commitment to supporting small businesses and ensuring that our nation can fully benefit from their energy, creativity and capability.

Chairwoman Landrieu, Senator Snowe, thank you again for your leadership on behalf of the PTAP, our centers, and our small business clients. As you know, the last several years Congress has been forced to add money to the PTAP budget request each year to allow us to provide the services small businesses need. You have always been there for us. This year, I am pleased to report that the Administration's budget request includes almost $30 million for the program – a significant increase above previous years' requests. This is in large part due to the strong bipartisan support from each of you and your colleagues in Congress.

Thank you again for this honor and opportunity. I am happy to answers any questions you or the other Members of the Committee may have.

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Joe Flynn, President
Association of Procurement Technical Assistance Centers

U.S. Senate Small Business and Entrepreneurship Committee Hearing:
The Role of Small Business in Recovery Act Contracting
May 21, 2009

Additional answers and information submitted for the record

When did the Procurement Technical Assistance Program start? How large is the program? How many chapters do you have? Where do you lack coverage? Where would additional resources be best positioned?

The Procurement Technical Assistance Program (PTAP) was established by Congress in the FY 1985 Defense Authorization Act, P.L. 98-525, codified in Chapter 142 USC title 10. The Defense Logistics Agency, on behalf of the Secretary of Defense, administers the program.

The PTAP was created to increase the number of qualified federal suppliers and to support local and regional efforts to bring federal contracting dollars into their struggling economies. Initial appropriations funded approximately fifteen Procurement Technical Assistance Centers (PTACs) in a handful of states.

The original objective of the program was to provide marketing and technical assistance to business firms in selling their goods and/or services to the Department of Defense. Congress expanded the scope of PTAC responsibilities in the FY1993 Defense Authorization Act, P.L. 102-484 to include "technical assistance relating to contracts entered into with (1) Federal departments and agencies other than the Department of Defense, and (2) State and local governments."

The program has been reauthorized and funded by Congress each year and has grown to nearly nationwide coverage. The PTAP has been included in the President's budget request each year since FY 1999. The FY2010 budget request for the PTAP is $29.9 million.

There are currently 89 Procurement Technical Assistance Centers (PTACs) across the United States. PTACS can be hosted by state and local governments, private nonprofit organizations (e.g., universities, Chambers of Commerce), Indian Economic Enterprises, and Indian Tribal Organizations). PTACs are currently located in every state except Colorado and North Dakota; Arizona only has a Native American PTAC. Businesses in these states are required to utilize a PTAC in neighboring states – who are also trying to deal with increased workload from businesses in their own state. We are not aware of the reasons why DLA did not approve statewide or regional PTACs in these states. DLA awards are dependent on receiving viable proposals from one or more institutions within a state. In other words, PTACs are only established in states or regions when requested by a local entity.

The Defense Logistics Agency determines where to locate and fund PTACs –this decision is based on a competitive process in response to requirements announced in the publication of the Solicitation for Cooperative Agreement Applications (SCAA). DoD funding shall not exceed $600,000 for statewide programs and $300,000 for regional programs. DoD cost sharing shall not exceed 50 percent of the net program costs for non-distressed areas and 75 percent in distressed areas. This cost share ensures strong local and state participation. The non-federal match is a critical component of the program.

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Often times, PTACs receive funding based on the amount of non-federal matching funds they can provide. In recent years, some PTACs have been able to receive the maximum allowable federal funds; some PTACs must accept less money because they are unable to raise the non-federal match. During this economic downturn, many state governments and local entities that host PTAC's have made across-the-board cuts thus affecting the matching funds needed for the program. For example, the Louisiana PTAC receives approximately $800,000 in federal/non-federal funds. With Louisiana state budget cuts imminent, we are concerned that the impact of any cuts to the PTAC may lead to a corresponding cut in federal funding. The State of Maine decreased its original allocation of $150,000 a few years ago to $119,500 last year and additional cuts may come this year as well.

We greatly appreciate the long-standing support of Chairwoman Landrieu, Senator Snowe, and others in the House and Senate for the Procurement Technical Assistance Program. Congress has increased funding over the President's budget request virtually every year– with $29.9 million appropriated in FY2009. The President's FY2010 budget request includes $29.9 million for the PTAP. This is the largest Budget request in the history of the program.

DLA is in the best position to allocate any additional resources from Congress. DLA has utilized additional funding from Congress in recent years to increase funding to certain PTACs who are able to generate their non-federal match. This, in turn, has generated increased staff, equipment, and events for those PTACs. DLA has also awarded funding for new PTACs in certain states and territories – including Hawaii and Guam.

How are PTAC officers identified? Where do you look to find people to come in and do the job?

PTAP personnel must be qualified to counsel and advise business firms on how to seek, obtain, and perform on prime contracts and subcontracts. Staffing the PTACs with qualified personnel has become extremely difficult. The most qualified people often come from the acquisitions and procurement fields within the federal government and from prime contractors. When the federal acquisitions workforce was drastically reduced, many of the personnel moved to the PTACs.

Now, however, it is increasingly challenging to find staff with experience in federal acquisitions and contracting. Many of the PTACs hire former business owners and others with business backgrounds. PTACs compete not only with the private sector for high-quality staff but also with the federal government as they add more acquisitions officers. To maintain high-quality staff, we are forced to add training programs focusing on procurement and acquisitions policy. APTAC and DLA are currently identifying and developing training programs that can prepare highly capable procurement counselors and program managers. Training is our highest priority and a major focus of our efforts.

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Chairman LANDRIEU. Thank you very, very much. Ms. Medina.

STATEMENT OF SYLVIA MEDINA, PRESIDENT, NORTH WIND, INC.

Ms. MEDINA. Good morning, Chair Landrieu, Senator Snowe and members of the Committee. My name is Sylvia Medina. I am appearing today on behalf of Women Impacting Public Policy, or WIPP, representing over half a million women business owners nationwide. I serve on WIPP's Board of Directors and am president of North Wind, Incorporated, based in Idaho Falls. Our company provides environmental engineering and construction services throughout the United States.

It is unthinkable that the government would spend $787 billion in procuring goods and services without awarding a significant portion of it to the segment of economy that is critical to its recovery, small business. I want to commend this committee and the new administration for making a concerted effort to educate us on agency plans and involve us in discussions surrounding the Recovery Act.

WIPP has dedicated much of its resources in the last quarter to educating the small business community on the Stimulus Bill and how to follow the funding, including holding regional meetings around the country, with the first one being held today in Chicago.

From what we have seen, the agencies are putting their distribution plans into place, but they are scrambling to find enough contracting officers to push these procurements out the door. We see a double-edged sword with respect to this shortage of acquisition manpower. It will mean that they will use existing contracts in place. That is good news for small businesses with existing contracts but not for those who do not currently hold contracts.

We are not advocating the stimulus money is held up until all new contracts can be put in place. We cannot afford long delays. Small businesses should be awarded the contracts that they are entitled to in current law that includes 23 percent of prime contracts plus the subcontracting goals that have been negotiated with the SBA and is envisioned in the 2000 Act, 5 percent of prime contracts for women business owners. We are counting on congressional oversight to ensure that stimulus money meets these small business targets.

As the committee knows, a large percentage of DOE, Department of Energy, dollars are awarded to top management and operating, or M&O contractors, who manage its national labs. Small businesses are, for the most part, second-tier subcontractors to the M&O. Therefore, stimulus funding primarily will be awarded to large prime contractors. So instead of directly contracting with small businesses, DOE will have to find a way to effectively work with its prime to ensure that meaningful work flows down to the M&O small business contractors.

To express our concern, WIPP sent a leader to DOE Secretary Chu on April 3rd, which is attached to my testimony. We are still awaiting a response from the secretary. WIPP feels strongly that small businesses should not be relegated to low-margin subcontracts.

What I am currently observing, and have received as input from a number of other DOE small business contractors, is that few

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shovel-ready projects are being competitively bid or directly awarded to small business contractors. The DOE procurement process is inherently difficult for small business contracts to be bid and awarded in a timely manner. The problem is a need to obligate these stimulus funds in a very short time frame.

These types of contracts do not promote sustainable, small business growth since the positions are not only temporary but often do not allow for sufficient profit to pay for employee benefits. In some cases, the M&O contractors are actually hiring staff away from small businesses to support their efforts rather than bidding out new project work. I want to caveat this by saying that not all DOE M&Os are operating with this business model, but we are seeing a trend in this direction.

My company is a DOE small business protege of Bechtel National. Because of this relationship, we have been given the opportunity through directed and competitively bid procurements to receive stimulus dollars and have hired new staff to run and support these projects. I am able to subcontract work to other businesses, small and large, who are, therefore, benefitting from the stimulus money.

This model should be an example of how DOE small business contracting of stimulus monies can be done successfully, helping small businesses grow in a sustainable manner and foster growth well after the stimulus monies have been expended. It really has a positive compounding effect for us as a small business.

I am pleased to report that these projects that we are performing are being performed within their approved budget and on schedule. Half of my annual revenue is also based on work with other agencies. Many of these agencies are making positive strides in rapidly funding new and existing projects with stimulus money. In contrast to the DOE, many small businesses like mine are performing work as a first tier prime contractor for the agency.

We would like to make the following recommendations: one, that this committee assess how federal departments are awarding subcontract dollars provided by the stimulus monies to small businesses; two, that in your stimulus reports, federal departments include the amount of dollars being subcontracted, including the profit margin data; and three, that DOE increase the number of contract opportunities directly with small businesses.

The large dollars being contracted through the Stimulus Bill reiterate the need for the SBA to implement a women's procurement program which will assist federal agencies in meeting their 5 percent goal. WIPP thanks all the members of Congress who helped in stopping the SBA's onerous women's procurement program proposed in 2007. SBA took several long years to attempt to implement it, and what was proposed was completely unacceptable. We are asking today that the Committee move expeditiously to pass the legislation drafted last year by Senators Kerry and Snowe as an amendment to the DoD Authorization Bill.

In closing, we are optimistic that with this committee's support, women-owned and small businesses will be able to help jump-start the economy by participating in the stimulus dollars made available through the Recovery Act. Thank you for inviting me to share my views. I am happy to answer any questions.

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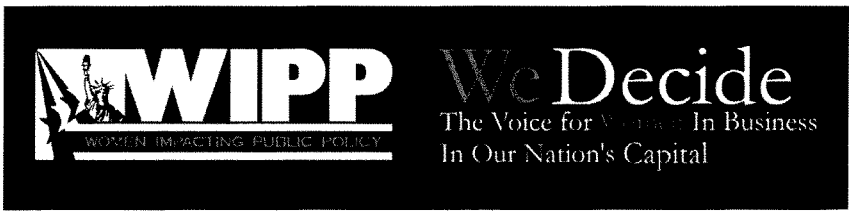
[The prepared statement of Ms. Medina follows:]



Statement of Sylvia Medina on Behalf of Women Impacting Public Policy

Before the U.S. Senate Committee on Small Business and Entrepreneurship

"The Role of Small Business in Recovery Act Contracting "

May 21, 2009

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Good morning. Chair Landrieu, Senator Snowe and Members of the Committee, my name is Sylvia Medina. Thank you for holding this hearing and thank you for inviting me to testify. I am appearing today on behalf of Women Impacting Public Policy (WIPP) and am honored to speak on behalf of its membership representing over half a million women business owners nationwide. I serve on WIPP's Board of Directors, in addition to being the President of North Wind, Inc. based in Idaho Falls, Idaho. Our company provides environmental management, engineering, construction, scientific, and information technology consulting services throughout the United States. The majority of our business is with the Federal government.

This hearing is important to me as a business owner because it examines the current and future opportunities for small businesses relative to the stimulus money. It is unthinkable that the government would spend $787 billion in procuring goods and services without awarding a large portion of it to the segment of the economy that is crucial to its recovery—small business.

I want to commend this Committee and the new Administration,which has made a concerted effort to educate us on agency plans and involve us in discussions surrounding the Recovery Act. WIPP has dedicated much of its resources in the last quarter to educating its membership and the small business community on the stimulus bill and how to follow the funding.

Contrary to media reports that there is "nothing in the stimulus bill for small business", WIPP believes the opportunities for small businesses to participate in the infrastructure funding are great. We are holding regional meetings around the country with the first one being held today in Chicago. The agenda includes a discussion of economic trends for the next several years and much of the program is devoted to educating the attendees on the stimulus funding,

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which will be broadcast nationwide. In addition, we have a panel that includes a Procurement Technical Assistance Center (PTAC) representative, a representative from Argonne Lab and the head of the Women's Business Center in Chicago who is helping women owned businesses survive this economy. The afternoon is devoted to sessions that concentrate on federal contracting and making sure women business owners are ready to take advantage of federal and state opportunities.

Thanks to the Obama Administration, the technical efforts behind Recovery.gov makes the stimulus money easy to track and will assist small businesses in finding new work opportunities. From what we have seen, the agencies are putting their distribution plans into place, but they are scrambling to find enough contracting officers to push these procurements out the door. We see a double-edged sword with respect to this shortage of acquisition manpower. It will mean that they will use existing contracting vehicles already in place. That is good news for small businesses with existing contracts, but not for small businesses who are mostly subcontractors or do not currently hold contracts.

On the other hand, we are not advocating that the stimulus money is held up until all new contracts can be put into place. The economy cannot afford long delays – small businesses and the communities in which they operate desperately need additional work. Because the process is much more transparent than in the past, it is our hope that small businesses will be awarded the contracts that they are entitled to in current law – 23% of prime contracts and the subcontracting goals the agencies have negotiated with SBA. With respect to women owned businesses, we expect that the women owned goal of 5% of prime contracts will be met. In FY 2007, only 3.4% of government contracts were awarded to women-owned firms. Equally as disappointing, the Small Business Administration (SBA) goaling report shows that the federal government failed to

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reach the small business goal of 23% in FY 2007, falling short with 22%. We are counting on Congressional oversight to ensure that stimulus money meets these small business targets.

Let me take some time to focus on the Department of Energy (DOE) because I believe there are unique challenges for this agency to award contracting dollars to small businesses. As the Committee knows, a large percentage of DOE dollars are awarded to Management and Operating (M&O) contractors who manage its national labs. According to DOE, 85-90% of its procurement dollars are awarded to Facility Management Contractors (FMC), many of which are M&O contractors. Small businesses are, for the most part, second tier subcontractors to DOE through these FMCs. The difficulty under this scenario is that stimulus funding will largely be awarded to these large prime contractors. So, instead of directly contracting with small businesses, DOE will have to find a way to effectively work with its prime contractors to ensure that meaningful work flows down to the M&O named small business subcontractors and small businesses positioned to support the DOE through the M&Os. On this issue, WIPP sent a letter to DOE Secretary Chu on April 3, 2009, which is attached to my testimony, expressing concern about the opportunities that will be available to small businesses through the stimulus funding. We are still awaiting a response from the Secretary. WIPP feels strongly that small businesses should not be relegated to low margin subcontracts. Since the stimulus package did not change FAR requirements, WIPP will monitor DOE contracting opportunities to make sure that small businesses actively participate in DOE stimulus funds.

What I am currently observing through my company, and what I have received as input from a number of other DOE small business subcontractors, is that shovel ready projects are not being competitively bid or directly awarded to small business subcontractors by the DOE M&O contractors. With the historic DOE procurement process, it has been inherently difficult for

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small business subcontracts to be bid and awarded in a timely manner. The problem is now compounded with the additional stimulus monies available for projects combined with the need to obligate these stimulus funds in a very short timeframe. Rather than real project opportunities, what small business subcontractors are seeing is small M&O support role subcontracts, such as M&O contractor staff augmentation contracts.

From my perspective, these types of subcontracts do not promote sustainable small business growth since the positions are not only temporary but often do not allow for sufficient profit to pay for employee benefits that would otherwise be offered to non-staff augmentation employees. While this practice promotes and grows the large business M&Os through the stimulus dollars, but it only provides a minimal benefit and opportunity to small businesses. In some cases, the M&O contractors are actually hiring staff away from small businesses to support their efforts rather than bidding out project work. I want to caveat this by saying that not all DOE M&O contractors are operating with this business model but we are seeing a trend in this direction.

Despite this trend, one of the exceptions to this business model is our experience with Bechtel National. My company, North Wind, Inc. is a DOE small business protégé of Bechtel. Because of this relationship, we have been given the opportunity through directed and competitively bid procurements to receive stimulus dollars and, as a result, have hired new staff to run and support these projects.

This model should be an example of how DOE small business subcontracting of stimulus monies can be done successfully, helping grow small businesses in a sustainable manner and foster growth well after the stimulus monies have been expended. By subcontracting projects rather than just adding temporary staff, Bechtel has not only allowed us to hire direct staff to

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complete these projects but we have hired additional support staff and built our infrastructure so we are better positioned to take on bigger projects and likely add even more staff. In addition, I am able to subcontract work to other small and large businesses, who are also directly benefiting from the stimulus money. So as you can see, it really has a positive compounding effect for us as a small business. With this said, it is certainly not the case across the board with respect to these contract opportunities within the DOE sector. I believe this project award approach is in the spirit in which the stimulus was enacted.

According to a briefing in which WIPP participated at the White House, the agencies made very clear that the utilization of small businesses is going to be part of their performance matrix. WIPP would like to make the following recommendations: 1) that this Committee assess how the DOE M&O contractors are awarding subcontract dollars provided by the stimulus monies to small businesses 2) that in their stimulus reports, DOE include the amount of dollars being subcontracted and whether the subcontracted work will contribute to long term small business growth and 3) that DOE increase the number of opportunities that small businesses have directly with the agency as opposed to being a second tier subcontractor to one of the M&Os.

WIPP has testified before Congress and specifically the Senate Energy Committee in the past regarding our belief that DOE should consider contracting a significant amount of their contracts directly to small businesses. This approach will avoid procuring new work through a limited pool of existing subcontracts and open the competition to a larger number of small businesses. It will also enable small business prime contractor exposure directly with the agency, thereby increasing its company's qualifications and experience.

In addition to DOE, my company is performing work for the Departments of Defense, Agriculture, and Interior. Combined, they represent nearly half of my annual revenue. Each of

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these agencies has already made positive strides in rapidly funding new and existing projects with stimulus money. In contrast to the DOE, many small businesses like mine are performing work as a first tier prime contractor directly for the Agency.

No matter which Agency is procuring the work, it is important to small businesses that they are given preference to perform work as the prime contractor, that the procurement is performed in an efficient and timely manner, and that all small businesses are provided fair opportunity – not just those who have existing contract vehicles or who are granted sole source contracting provisions.

In light of the large dollars being contracted through the stimulus bill at the federal and state level, it is time for the SBA to implement a women's procurement program which will assist federal agencies in meeting their 5% goal. WIPP thanks Chair Landrieu, Senators Mikulski and Durbin, and other Members of this Committee for their help in stopping the SBA's onerous proposed women's procurement program proposed in 2007. We have said for as long as WIPP has been in existence that Public Law 106-554, the law authorizing the Women-Owned Small Business Federal Contract Assistance Program, must be implemented in order to meet the federal contracting goal for women owned businesses passed by Congress. The original law was passed in 2000. SBA took seven long years to attempt to implement it and what was proposed was a slap in the face of every woman business owner in this country. We are asking today that the Committee pass a bill that was drafted last year as an amendment to the DOD Authorization bill. At the time, a large group of stakeholders, including women, minority and civil rights groups all agreed upon the language that Senators Kerry and Snowe drafted. The legislation strengthened the Congressional findings of discrimination and gave the program many of the

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same tools other SBA programs employ. We urge the Committee to act as soon as possible to make this program available to women owned businesses.

In closing, we are optimistic that women owned businesses will be able to help jump-start the economy by participating in the $787 billion available through the Recovery Act. With this Committee's support, we will be able to play an important part in contracting made available by stimulus funds.

Thank you for inviting me to share my views. I am happy to answer any questions.

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Chairman LANDRIEU. Thank you very much.
Ms. Daytner.
Ms. DAYTNER. That is correct.

STATEMENT OF THERESA DAYTNER, PRESIDENT, DAYTNER CONSTRUCTION GROUP

Ms. DAYTNER. Thank you.

Good morning, Senators Snowe and Landrieu, and the rest of the Committee and staffers. It was an honor to meet with Senators Landrieu and Snowe on March 16th at the White House with President Obama and Secretary of Treasury Geithner to discuss small business issues—nice to see you again—and hear about the President's plans to support the SBA and expand lending and surety guarantee programs. Thank you for inviting me today as a witness on behalf of small business owners across this amazing country of ours.

My name is Theresa Alfaro Daytner, and I am an entrepreneur from Mt. Airy, Maryland. I grew up in nearby Greenbelt, Maryland, with an entrepreneurial father who owned several beauty salons and an cosmetology school on Main Street in Laurel. Mom studied geology in college when I was growing up and became a public high school teacher.

I started my first business in 1989, a residential roofing company, while finishing my accounting degree at the University of Maryland, raising my first child, studying for the CPA exam, and embarking on my first real job with a highly respected D.C. CPA firm downtown on Connecticut Avenue.

As a Latina, I am the oldest daughter. I was also helping Papi and Mami who had recently been diagnosed with prostate cancer and multiple sclerosis, respectively. I found the traditional career path of the corporate world did not share the same family values and creative resourcefulness that I was so passionate about. My generational Dagwood sandwich coincided with the need to support a family and leave an unsupportive marriage.

I believe my experience is very similar to many women entrepreneurs, who are torn between raising families, caring for parents, economic survival, and, oh yeah, creating a life full of passion, purpose and joy. This experience confirmed in my mind that I made a terrible employee.

As a single mother, dedicated daughter and rehabbing a rebuilt knee—that is a story for another day—I was working full-time for a general contractor that allowed me a short commute and paycheck job; that is, only 40 hours a week versus the 60 plus hours I was working at the CPA firm. This spare time allowed me to finish studying and sit for the CPA exam, which I passed in the first sitting.

So not only did I get to see how a growing and reputable commercial general contractor operated from the inside out, but I also met the love of my life, my husband, Allen Daytner, and obtained the credentials and experience to start my next two businesses, a CPA practice that I operated for almost 11 years through four more newborns, a consolidated multi-generational home, a marriage, and an addition of a step-daughter, and my current company that I started in January of 2003, a commercial construction management

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and general contracting company, The Daytner Corporation, now doing business as Daytner Construction Group. And, yes, the total was six children. This is my daughter, Candace. They are now 23, 21, 14, 11 and we have twin eight-year olds. The older four are girls. The twin boys are the youngest two. And I have a daughter getting married in June.

Many small businesses across this country have stories very similar to mine. Mostly we share a desire to create our own destiny. I spent years building a strong successful business before pursuing the Federal Government as a potential new client.

In 2005, I became an SBA 8(a) certified company and was awarded our first federal contract with the U.S. Navy, utilizing this contract vehicle. Last year, 2008, my company grossed $1.4 million in gross revenue. All revenue was for construction management professional services, as we had not pursued bonding for at-risk general contracting projects, and less than 50 percent of that revenue was from federal clients. We do a lot of work in higher education and in the private sector.

This year, with the combination of expanding into general contracting and federal opportunities in our region, many created by the President's stimulus and recovery plan, we will have a breakout year. To date, we have contracts in place for over 800,000 in services and are projecting at least 7 million in new contracts and general contracting. It is only May. This projection is based on proposals we are currently submitting and negotiating and does not include new opportunities arising between June and September 30th. We are extremely fortunate to benefit from the 8(a) Business Development Program.

I am excited and honored to be a good steward of these public funds and projects. In fact, one recent day after contemplating being the recipient of U.S. tax dollars for projects on a U.S. military installation, I drove my Mazda to my local Ford dealer to discuss trading for a Ford Escape hybrid.

I believe in walking the talk. We are a family-friendly workplace, providing a complete suite of benefits for our employees, including 100 percent employer-provided healthcare insurance for the entire family. The federal contracts in front of us, some being products of the stimulus package, will afford me the opportunity to hire more people and more subcontractors, purchase more goods from local merchants, and continue sowing seeds of hope through economic seepage back into my community.

I could go on forever about the promotional products I just bought from my girlfriend in Boulder, Colorado who has hit hard times, or the service-disabled vet brother I just hired to drive here from Boise, Idaho, after being laid off, to finish my basement, not to mention the plumber, electrician and drywall finishers that we hired, or the sister I hired to paint in an effort to support her dream of completing cosmetology school. I do not have all of these contracts in hand yet, but I am willing to pay it forward, and I am optimistic about being well positioned to secure federal contracts and deliver excellent results.

Finally, I am grateful to the support and guidance of my family and leaders and peers in programs such as the Make Mine a Million $ Business program, supported by Count Me In and OPEN

from American Express; and Dartmouth's minority executive education programs at the Tuck School of Business in conjunction with MBDA. The opportunity to be included in these communities has given me the vision and strength to reach higher and dream bigger while developing a deeper sense of purpose to improve upon the quality of life for families in the U.S.

Thank you for your time and attention, and I am happy to answer any questions you may have.

[The prepared statement of Ms. Daytner follows:]

Testimony of Theresa Alfaro Daytner
May 21, 2009
U.S. Senate Small Business Committee

Good Morning Senators Snowe, Landrieu, Cardin, committee members, staffers and guests. It was an honor to meet with you, Senators Landrieu and Snowe, on March 16th at the White House with President Obama and Secretary Geithner to discuss Small Business issues and hear about the President's plans to support the SBA and expand lending and surety guarantee programs. Thank you for inviting me today as a witness on behalf of small business owners across this amazing country of ours.

My name is Theresa Alfaro Daytner and I am an entrepreneur, from Mt. Airy, Maryland. I grew up in nearby Greenbelt, Maryland with an entrepreneurial father who owned several beauty salons and a cosmetology school on Main Street in Laurel. Mom studied geology in college while I was growing up and became a public high school teacher.

I started my first business in 1989, a residential roofing company, while finishing my accounting degree, raising my first child, studying for the CPA exam and embarking on my first "real" job with a highly respected D.C. CPA firm downtown on Connecticut Avenue. As a Latina and the oldest daughter, I was also helping Papi and Mami who had recently been diagnosed with Prostate Cancer and Multiple Sclerosis, respectively. I found the traditional career path of the corporate world did not share the same family values and creative resourcefulness that I was so passionate about. My generational Dagwood "sandwich" coincided with the need to support a family…and leave an unsupportive marriage. I believe my experience is similar to many women entrepreneurs who are torn between raising families, caring for parents, economic survival and oh,

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yeah, creating a life full of passion, purpose and joy. This experience confirmed, in my mind, that I made a terrible employee.

As a single mother, dedicated daughter and rehabbing a rebuilt knee (sorry, that's a story for another day), I was working full-time for a general contractor that allowed me a short commute and a "paycheck job", that is only 40 hours a week vs. the 60+ hours I was working at the CPA firm. This "spare" time allowed me to finish studying and sit for the CPA exam. I passed the entire exam first sitting. So, not only did I get to see how a growing and reputable Commercial General Contractor operated from the inside out, but I also met the love of my life, Allen Daytner, and obtained the credentials and experience to start my next 2 businesses; a CPA practice that I operated for almost 11 years through 4 more newborns, a consolidated multi-generational home, a marriage and addition of a step-daughter...and my current company that I started in January 2003, a commercial Construction Management and General Contracting company, The Daytner Corporation, doing business as, Daytner Construction Group. Yes, the total is 6 children. They are now 23, 21, 14, 11 and twin 8 yr olds. The older 4 are girls, the fraternal twins are boys. The 2nd daughter is getting married this June.

Many small businesses across the country have stories similar mine. Mostly, we share a desire to create our own destiny.

I spent years building a strong, successful business before pursuing the Federal Government as a potential new client. In 2005, I became an SBA 8(a) certified company and was awarded our first Federal contract with the US Navy, utilizing this contract vehicle. Last year, 2008, my company grossed $1.4M in gross revenue. All revenue was for construction management services, as we had not pursued bonding for "at risk"

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general contracting projects and less than 50% was for Federal clients. We do a lot of work in higher education and the private sector.

This year, with the combination of expanding into general contracting and Federal opportunities in our region, many created by the President's Stimulus and Recovery Plan, we will have a break out year. To date, we have contracts in place for over $800k in services, and are projecting at least $7M in new contracts in general contracting. It's only May. This projection is based on proposals we are currently submitting and negotiating and does not include new opportunities arising between June and September 30th. We are extremely fortunate to benefit from the 8(a) Business Development program.

I am excited and honored to be a good steward of these public funds and projects. In fact, one recent day after contemplating being the recipient of U.S. tax dollars for projects on a U.S. Military installation, I drove my Mazda to my local Ford dealer to discuss trading for a Ford Escape hybrid.

I believe in walking the talk. We are a family-friendly workplace, providing a complete suite of benefits for our employees, including 100% employer-provided health care insurance for the entire family.

The Federal contracts in front of us, some being products of the Stimulus Package, will afford me the opportunity to hire more people and more subcontractors, purchase more goods from local merchants and continue sowing seeds of hope through economic seepage back into my community. I could go on forever about the promotional products I just bought from my girlfriend in Boulder, Colorado...who has hit hard times. Or the Service-Disabled Vet brother I just hired to drive here from Boise, Idaho after being laid

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off...to finish my basement. Not to mention the plumber, electrician and drywall finishers that we hired, or the sister I hired to paint, in an effort to support her dream of completing cosmetology school. I don't have all these contracts in hand yet, but I'm willing to pay it forward, and I am optimistic about being well positioned to secure Federal contracts and deliver excellent results.

Finally, I am grateful for the support and guidance of my family and leaders and peers in programs such as the Make Mine A Million $ Business Program, supported by Count Me In and OPEN from American Express, and Dartmouth's Minority Executive Education programs at the Tuck School of Business, in conjunction with MBDA. The opportunity to be included in these communities has given me the vision and strength to reach higher and dream bigger, while developing a deeper sense of purpose to improve upon the quality of life for families in the U.S.

Thank you for your time and attention and I am happy to answer any questions you may have.

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Chairman LANDRIEU. Thank you very much. All I can say is you are making both of us tired, but we are encouraged by your testimony. Thank you.

Let me turn to Senator Snowe, who is going to have to leave for a meeting. So I am going to ask her to proceed with her questions first.

Senator SNOWE. Thank you, Madam Chair.

Very impressive. Thank you all. And, Ms. Daytner, I do not know where you find the time. And I also understand you are nurturing a future presidential candidate, your daughter. She has a desire.

Ms. DAYTNER. Yes, I am. I brought her with me.

Senator SNOWE. All right. We will not ask which party, but that is all right.

Ms. DAYTNER. Quite all right. She is starting with student government.

Senator SNOWE. Good for her. Good for you, and I hope you follow your dreams.

Ms. Daytner, and I would like to ask you, Ms. Medina and Ms. Arnold about how you access the information with respect to what is available in the stimulus plan, in the Recovery Act.

Do you use the Web sites? As you heard earlier, the criticism that appeared in the paper today with respect to the information available. So I would be interested in how you found out what money was available and in which areas.

Ms. DAYTNER. I used the Web sites today. The learning curve was steep. There was quite a bit of learning curve. And I certainly would love to talk to Mr. Jordan about recommendations on potentially dividing that site into novices and intermediate, and I think that would go a long way.

Senator SNOWE. Ms. Medina?

Ms. MEDINA. Our business development group monitors the various Web sites, but primarily we get most of our opportunities through GSA, the contracting schedules that they put out, plus directed procurements through our existing contract vehicles.

Senator SNOWE. But have you found it helpful? I mean, if somebody was a novice in this attempt, how would you view the information available?

Ms. MEDINA. Honestly, my business development people— because I do not do—I mean, our company is about 370 people. They do not—very little do they go into the data—I mean, to those programs. We just kind of search it out and try to find out what is out there.

Senator SNOWE. And I appreciate the suggestions you have made about how each agency should account for how the stimulus dollars are spent and so on, because we should certainly have accountability in this respect regarding small businesses and the number of contracts that are issued, and size, and so on. I think that would be very useful and helpful in this process, and we will do that.

Ms. Arnold.

Ms. ARNOLD. Yes. The Web sites that SBA is talking about really could be formatted just to show what jobs are out for bid. If you do not have the job contract number, you cannot find anything. So, literally, they could just list the owner, the date of the bid, the phone number for the engineer, and then the contract number. Be-

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cause when you look at the Web sites, that is what you need first. You cannot access anything without a contract number.

But we get all of our work through the DOT Web site. And even though my company has the ability to survive another year, it is very, very competitive out there. And it is so competitive that even the prime contractors now are subbing their work to other primes because their intent is to put small business out of business.

Senator SNOWE. So you have discovered that as well.

Ms. ARNOLD. Oh, yes. I worked 15 years for a prime contractor, so I understood the good old boy system really well. And the issue is that if the DBE program goes away, which is the backbone of our country, so will the majority small business companies that do under 17 million three years annually.

Senator SNOWE. Have you been able to identify which areas have a potential contract for you in the stimulus plan?

Ms. ARNOLD. We are landscapers. But the reason that we are in the position we are is because the work that was contracted out is all asphalt and overlays, because that is what we had shovel-ready. I mean, Illinois has not had a capital bill for 10 years almost, and Illinois is in terrible condition. Our DOT has been cut by 50 percent. We have a transportation secretary now that is an accountant instead of the man that was in there that we really need, who is an excellent engineer, professional engineer, and worked in the industry.

There are just so many issues in Illinois that I have got work that we did in October, September and October last year, still not on pay estimates because they are so understaffed, they keep cutting the DOT budget, saying it has to come out of the state budget, which it does not because they are really federal employees and they are paid by the MFT funds.

The other thing Illinois has done is put consultants on as engineers. Well, I am sorry, but that comes out of our highway fund, and that gives us less work to do. So Illinois really needs to readdress issues.

Senator SNOWE. Yes, it sounds serious. Yes.

Ms. ARNOLD. It is major. And two weeks ago we were out here with our women's group, Women First, and 14 of our women were here from across the United States. I was the only one affected by it in a positive way. Most of them had seen nothing. A few had seen a little bit of the stimulus money. But it is just because we were fortunate enough to do this one type of work that we are in the position we are; otherwise, we would not be.

Senator SNOWE. So you expect that, through the stimulus work, that you can survive this year?

Ms. ARNOLD. If I can get my pay estimates done in a timely manner, you know, and collect my money.

Senator SNOWE. That is the other part of the problem with the Department in Illinois.

Ms. ARNOLD. We literally have consultants out there that do not speak clear enough English that you can understand them. There are major issues. I have had engineers tell me that they would call me when they had the chance to get back to me. It is not a friendly——

Senator SNOWE. It sounds horrible.

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Ms. ARNOLD.—user friendly——

Senator SNOWE. No, it does not at all. I am sorry that you are going through that.

Ms. ARNOLD. It is very extreme.

Senator SNOWE. That is terrible, at anytime, but especially now.

Ms. ARNOLD. Oh, yes.

Senator SNOWE. Mr. Flynn, what would you recommend, in all that you have heard here, in what we can do better? You mentioned the PTACs, which work incredibly well, and the relationship with the small business development centers. Unfortunately, they have been cut significantly. There has been flat funding. And even this President's budget, there is a further reduction, which Chair Landrieu and I had wanted an increase, and what you have mentioned for the statistics in terms of counseling demand. It has gone up exponentially, something I have seen across the country. It is universal now because of the economic situation.

How do you think that impacts the ability of small business to access these contracts and stimulus dollars, and how helpful has it been to have that relationship and network with the SBDCs?

Mr. FLYNN. I think it impacts greatly. The PCRs for the SBA have been cut, almost totally eliminated. In my humble opinion, they are one of the most effective group of people that the SBA has. I think they need to be re-funded and increased. I think we need more of them out there.

The SBDCs, they address businesses that are just startup. If a start-up business comes to me or somebody comes to me, and they have an idea and they want to start up a business, I cannot give them very much help, to be totally honest with you. I work with already existing businesses.

As you have heard today and in other hearings, the systems that are out there are very complicated to work with. The Web sites that they have, that is typically how small businesses find the PTAC. They go to a Web site, try to navigate the CCR, or try to find out their NAICS code, or try to do anything minor, and after their head explodes, they find a PTAC. We assist them, and in a matter of maybe a half an hour, we get them through all of those databases correctly, a half an hour after they have spent sometimes weeks trying to figure out what they are.

Some of the complaints or concerns that I hear from the small businesses are, wouldn't it be nice if small businesses designed these sites for small businesses? It looks like they were designed by a large business. Well, if a large business is designing a site that a small business has to get through in order to be competitive, does that limit competition? That is just a question. I do not know.

Senator SNOWE. No. You raise a very valid point. I mean, it is a serious problem. It is not user-friendly. That is what I hear. So I always wonder. If you are a company of 5 or 10 or 20, it does not matter, I mean, you do not have those kind of resources or time——

Mr. FLYNN. You do not, no.

Senator SNOWE.—to manage all of that.

How do they end up coming to you? How do they find a PTAC in all of that at the end of the day?

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Mr. FLYNN. An awful lot of times, they find us by going to the SBA, and they will ask the SBA a question and the SBA says you need to talk to your local PTAC. Our relationship with the SBA in Tennessee is a marvelous relationship. We include them in all of our conferences.

Senator SNOWE. And speaking to the point that Ms. Arnold just raised about the prime contractors and other large companies to circumvent the goals and the rules of contracting is the issue of procurement representatives. We need more PCRs, without question, to look at and review these contracts, these bundled contracts, and unbundling them, because that is a huge issue. And, unfortunately, there has not been a great track record by the Small Business Administration in the years because of not enough personnel to review these contracts and to make sure that they are living up to the obligations and living up to the law.

Mr. FLYNN. Senator, the FAR allows for liquidated damages in the case where a large prime or an agency does not meet their goals. In my almost 40 years of government contracting, I do not know that I have ever heard that enforced. It may well have been. I am not totally knowledgeable of everything.

Senator SNOWE. Well, I do not think I would disagree with you on that one.

Mr. FLYNN. I would like to see every small business set-aside have a footnote in there that they come to their local PTAC. There is a national Web site that we have so they can find us. I would like to see on small business plans a question asked on the two documents that the large businesses have—the primes have to submit. Have you worked with your local PTAC to find a small business? Those are very simple things that could be done.

Now, yes, we are underfunded even though, thankfully, you and others have put forth the largest funding request for the PTACs ever. We appreciate that. But we want to help. You are not going to hear us say no we cannot, ever. You will never hear that from a PTAC. So, please, any way that you can identify us to small businesses, try to do that. We will help them be successful.

Senator SNOWE. Thank you. And I appreciate it. It is a great suggestion. Thank you, your can-do spirit in all of you. We want to help you, and we appreciate your suggestions. Thank you.

Thank you, Madam Chair.

Chairman LANDRIEU. Thank you.

Let me continue, Mr. Flynn, and then I do have questions for the rest of the panel, and we are going to try to finish by 12.

Would you just spend one minute giving us a quick summary of PTAC and how they got started? I understand through the Department of Defense. Describe how large you are now, how many chapters you have. And are there areas of the country that you are more active than others because of lack of either authorization or budget?

If you could do all that in about a minute and 30 seconds.

Mr. FLYNN. I do not know if I can say my name in a minute and 30 seconds.

Chairman LANDRIEU. Well, let's try.

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Mr. FLYNN. We were started back around 1985 or 1987. Congress created us to increase competition with government contracting. And we were mainly created with manufacturers only.

Chairman LANDRIEU. Okay. So not in the Department of Defense. You were created federal-wide, not just in Defense.

Mr. FLYNN. We were initially created, I believe—and I have not been with it since the beginning—for DoD.

Chairman LANDRIEU. For DoD.

Mr. FLYNN. Yes.

Chairman LANDRIEU. And then expanded.

Mr. FLYNN. Then expanded. And we work with every government agency, federal, local state, municipal, and we even do some international procurement. Like I said, we are not going to say no to you. If you need the help, we are going to give it to you. There are 89 now across the nation. We just had a brand new one in Hawaii and a new one in Guam. The Commonwealth of Northern Mariana Islands, CNMI, they are looking for a PTAC to be established as well.

The local areas that are most hard hit are the states that you would imagine, those states that have a lot of underdeveloped areas, big HUBZone areas. Senator Snowe has heard from Pat Rice and this committee has heard from Pat Rice and some of the issues with that program, that are still in existence since the last time she testified. It is a good program, but there are things that could make it a lot better.

I do not know how to answer your question——

Chairman LANDRIEU. Well, I would like you to submit for the record your suggestions as to if we could create some additional chapters. We have I think a request in for $10 million for additional support; where you think, given the economic dynamics across the country—where those resources would best be positioned. That would be very, very helpful if you could submit that.

My second question—and it really is to Mr. Jordan. I do not want him to come forward again, but just to throw this out.

It would possibly be a very good idea for the SBA to look to see what PTAC is doing in terms of their advice and model some of that at your own site, so that it does not become a barrier, that you all are using some of the best practices that they have developed in-house to do the work. I mean, that would seem to me to be something that would be a no-brainer.

But let me move on to my next question to Ms. Medina. You testified that the existing contracting vehicles will affect your small business.

How is the usage of existing contract vehicles going to affect either your business or others? Could you remind me of what you testified? Is that a positive or a negative?

Ms. MEDINA. Well, I think if you have the existing contract vehicle at a certain location where you are trying to work, you can get opportunities at those specific facilities. And I am specifically talking about like the different Department of Energy locations. Like, for example, I do not have any contract vehicles at Oak Ridge National Lab. And because of that, I cannot get any—I cannot even get on the request for proposal list. But I do have a number of con-

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tract vehicles at other locations, like Los Alamos and Hanford, Richland.

But if you are a small business that does not have a contract vehicle, you cannot get an opportunity at any of these locations. And so, that is one reason—I did talk to some other small businesses who want to provide support to not just DOE but other government agencies, and that is really a problem. If they do not have a contract vehicle, they cannot get access to even putting together a proposal for the work.

Chairman LANDRIEU. Ms. Daytner, you testified that you had started your business primarily in the private, commercial sector and then moved to the government sphere.

How did you access government contracts initially? What was the most helpful to you that might be helpful for the record?

Ms. DAYTNER. I believe the 8(a) contract vehicle and my relationship with my local district SBA office have been instrumental in helping us to scratch the surface. And, frankly, it has just been—someone mentioned that there was a similarity between marketing to private clients and marketing to the Federal Government, and it is very similar. I have worn out shoes, and you just pound the pavement and build those relationships.

The learning curve, what is different about the Federal Government is that it really is wise to go in with someone who is there. So, for instance, I will be talking to Ms. Sylvia over here because she is in places that I am not, and we are a potential subcontractor. And part of that learning curve has come from my interviewing and working through people in the SBA who can give me that kind of guidance, because the commercial sector tends to be much more proprietary and individual, and you have to change the mind-set.

So that is where the people in the Federal Government and those resources at SBA were very helpful in trying to wake me up to the idea of collaboration and teaming, and how beneficial that could be as a subcontractor to open new doors in the Federal Government.

Chairman LANDRIEU. Had you been familiar with PTACs before?

Ms. DAYTNER. I have. There was a woman, who I do not believe is with PTAC anymore, Rae Bradshaw. But we met with her and went through a GSA schedule's proposal, and she helped us just line by line figure that out and pull it apart. And with her experience and understanding how to respond to it, it was extremely helpful. So it was very specific, and we were looking at a specific proposal. And that is where PTAC was very helpful.

Chairman LANDRIEU. And, Mr. Flynn, given the excellent testimony that we are receiving about your operation, from not just this panel and from yourself representing, but from others that I am hearing, how are PTAC officers identified? And when you all are trying to hire to establish PTACs, where do you look to find people that can come in and do the job that you are asking them to do? Are there particular fields you look to?

Mr. FLYNN. There are. First, how are we identified, you mean by the small businesses? Some of them identify us off of the DLA Web site.

Chairman LANDRIEU. No. How do PTACs stand up their own employees?

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Mr. FLYNN. Okay, I understand that. It is difficult to find good employees, and there are many times where I will interview 20 or 30 people before I accept one. They need to have government procurement experience.

I came out of the private industry. I was raised by a very strong woman very similar to Ms. Daytner over there. My mother had five children and she has been a self-employed——

Chairman LANDRIEU. That is okay.

Mr. FLYNN. Excuse me.

So I have come out of that industry. I came out of it.

Chairman LANDRIEU. So you know how to be tenacious.

Mr. FLYNN. I have a passion for what I do and so do the rest. And what I want to see when I interview these people, and what we all want to see, is the kind of passion you are seeing from me now. We look for people who have a passion for small business, then we look for experience that ties into that passion. And we do not want somebody who is going to refer somewhere else.

So we look for some really key qualities in the people that we are looking for, beyond their experience with government contracting. Because there are a lot of people with experience with government contracting, but I do not want somebody whose eyes glaze over when they hear that someone has got a problem. I do not want somebody that says, well, go talk to Charlie, or go talk to the SBA, or go talk to this person. I want somebody, and so do all of the other PTACs, who will work with that small business through every aspect of the problem until it is resolved. It is hard to find people like that.

So, yes, they need the basic understanding of government procurement, of government law, the FAR, but they also need to have a bit of tenacity in them. They cannot accept no for an answer, and they have to be able to counsel businesses to be the same, because if the businesses take no for an answer, they will never succeed.

Chairman LANDRIEU. Okay. Let me ask you, the Federal Government established you, and your primary mission is to help federal agencies access small businesses or give them opportunities to purchase.

What about your relationship with state government and local government? Do you serve as a resource to them as well?

Mr. FLYNN. We do, and we do across the nation. Some states are more effective than others. It is difficult many times to get directly involved with the state procurement offices, but we do the best job that we can. Every state is different. Every locale is different.

In Tennessee, I have a very good relationship with the economic development people. I have a less than a hundred percent relationship with the people who really post the contracts that the state is trying to gain solicitations on. But I have access to all those solicitations and I know their system. I can walk into the offices and work with anybody at anytime.

Chairman LANDRIEU. Are you familiar with any state that has a PTAC system similar to the federal PTAC system?

Mr. FLYNN. I do not understand your question. I am sorry.

Chairman LANDRIEU. I mean, the Federal Government has established these chapters to help with our procurement.

Does any state have a very aggressive program that you are aware of that, that tries to link their state contracts to small businesses?

Mr. FLYNN. I am not aware of any state procurement technical assistance centers. Most of them team with the procurement technical assistance centers. That is part of their match when they provide that funding. So if they are really, really, really interested in working with businesses to make state opportunities available to them, it is typically done through the PTAC.

Chairman LANDRIEU. Okay.

Ms. Daytner, do you have anything you want to add? I am going to close out this panel. Any one or two points that you did not make that you would like to get on the record?

Ms. DAYTNER. Yes. Actually, I wanted to share, with regard to surety and bonding, that the SBA program, having moved up the threshold and the limits from 2 million to $5 million, is going to be key in us being able to secure the work that we are qualified to do. We are a small business; we have a thin balance sheet. The surety companies in that industry tend to be very risk adverse, and I do not have any more house to put up on the line. I have offered a couple kids.

Chairman LANDRIEU. There were no takers.

Ms. DAYTNER. There are no takers.

But I wanted to share with you, I have a document here from Frank Lalumiere, who is the director of Surety and Bonding for the SBA, who is doing a fantastic job and is tasked now with—having been enabled with the program to get the word out about it. So I wanted to share that with you.

Also, OPEN from American Express has teamed up with WIPP on a program called Give Me Five, specifically targeted at the 5 percent goal for women-owned businesses and government contracting. And they are very, very aggressive in the educational component, from the basics of how to get a DUNS number and registered in CCR.

I had the good fortune—they put together a booklet, and my company is featured in here. It is on government contracting, and I was very impressed with just the soup to nuts, how do you get started. And it is very, very real. It talks about the relationship building. So I just wanted to leave those with the committee and share them with you.

Chairman LANDRIEU. Thank you very much.

Ms. DAYTNER. Thank you.

Chairman LANDRIEU. Ms. Medina, anything you want to add briefly?

Ms. MEDINA. I was hoping you would come to me. There was one thing I did—it is also related to bonding. And I did put together something here, Issues Related to Bonding Requirements for the Department of Defense Construction Opportunities.

I was thinking that we need to really look at it since small business bonding limits are typically very limited, and this will preclude many small businesses from bidding many of the stimulus projects that are being currently procured. And I was wondering whether or not the procuring agent—you know, if you guys can look at whether or not the procuring agency can somehow review

bonding requirements for stimulus-related project requirements, and perhaps provide relief to small businesses in this area. So that was something I wanted to ask.

Chairman LANDRIEU. Thank you.

Ms. MEDINA. And thank you very much for the time, too.

Chairman LANDRIEU. Thank you.

Ms. MEDINA. And I have twins, too. They are two-and-a-half years old.

Chairman LANDRIEU. Both of you are role models.

Ms. Arnold.

Ms. ARNOLD. Thank you very much. It has been an honor to be here. I felt very privileged my entire life to have this opportunity. Like I said, I worked 15 years for a prime. I was looking to start my own business, and the DE in our district is the one that suggested this program. And I know I would have never had the opportunity without the program being in place.

Chairman LANDRIEU. Okay.

Mr. Flynn, any final word?

Mr. FLYNN. Thank you. I would like to stress the bonding issue. And it is amazing that the SBA has been given more leeway in that area.

There is one problem, especially in the state of Louisiana. I am sure you are aware of this. The large contracts that are out there right now, construction contracts, they are multiple award task order contracts. Those contracts are really being increased. Huge dollars are coming down into them, but the businesses that are getting that money are distributing it through current contractors. So you are not seeing an increase in small businesses getting at that money. It is staying in the same group of people. That is really not good. That is really not good. We have got to broaden that out so that other small businesses have access to that money.

I could go on, but I am not going to. Thank you so much. I am so privileged to have been here. Thank you.

Chairman LANDRIEU. Thank you very much. It has been a very informative hearing. Thank you very much.

The record will stay open for two weeks. Thank you. Meeting adjourned.

[Whereupon, at 12:01 p.m., the Committee was adjourned.]

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